

# FUTURE of MARKET RESEARCH

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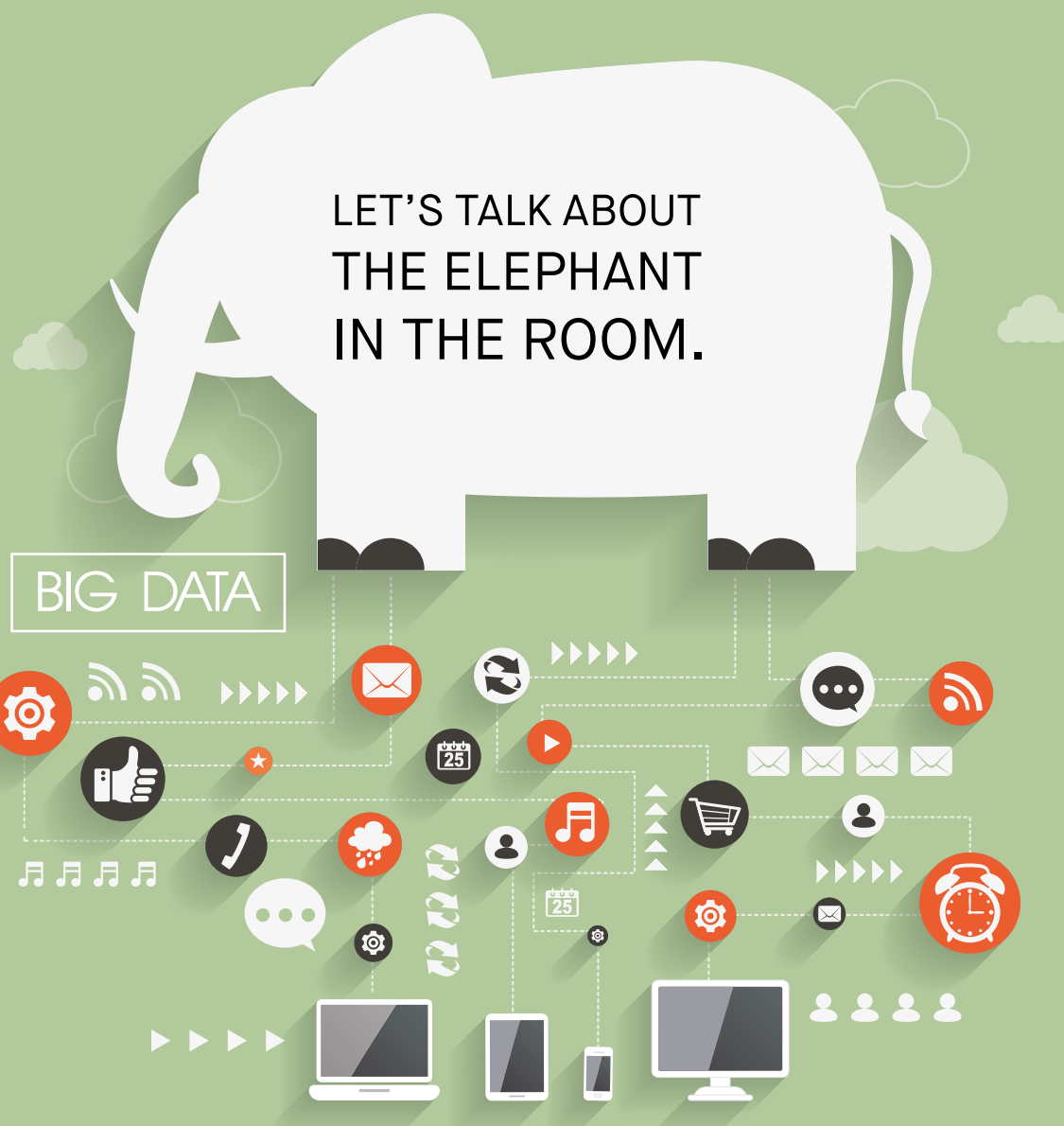
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# Radical rethink uses tech to find answers

*Technology has opened up new opportunities for market research and may also have changed consumers' attitudes to analysis of their behaviour*

◆ OVERVIEW

● MICHAEL DEMPSEY

Market research is still perceived by many consumers as a conventional activity involving clipboards and lengthy questionnaires. But a combination of technology and radical thinking has changed what the industry can deliver and how it gets those results.

Sutherland Labs in London is a research outfit that employs the skills of psychologists, anthropologists and documentary film-makers to plot the lives and discover the motivations of consumers. Their role is to fit into the shoes of their research subjects.

Rather than just asking a series of questions, the company goes in search of the behaviour that shapes buying decisions. Its researchers will shadow willing participants while they use a particular train service or fly with an airline, observing and filming them in order to study the whole gamut of experiences that go to make up the customers' real relationship with a brand.

Owen Daly-Jones, who runs Sutherland Labs, explains the thinking behind his immersive approach to customer research. "When a brand thinks it understands its customer that means it has a level of understanding of one person in a household

who has signed up for that service," he says. "But the brand does not understand the other people in that household who influence the buying behaviour."

To prise open this intimate layer of influence, Sutherland Labs will shadow individuals inside their own homes, searching for motives in that person's purchasing decision such as the opinions of marital partners.

A similar approach is in use at the research arm of media planning giant MediaCom. This agency uses a panel of 40 families in an exercise it refers to as Real World Britain. These domestic groups are set various tasks which they film via their own smartphones.

The agency's subjects may set up tripods or another family member may assume the film-maker's mantle while they decide what to eat or watch on TV. Pauline Robson heads up the research team and thinks that staying at arm's length while people relax in the presence of family members delivers an authenticity to her studies that was lacking before smartphones turned everyone into a potential cameraman. "People do forget that someone will be watching them – it becomes real fly-on-the-wall stuff," she says.

In recent years, a new factor has emerged to cloud the picture of what influences customers. The self-service

approach of online commerce, with customers carrying out administrative tasks on behalf of the supplier as they fill in forms and complete order details, is another challenge to market researchers. How can a business under-

“If customers feel they will get better service, then market research is accepted

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Direct Line has to keep on top of how these brands communicate to their respective customer bases.

Mark Evans, Direct Line's marketing director, stresses that with different brands representing insurance products he has to know the target audience is getting the message. Without this he fears a "brand collision". This dramatic event means advertising to the same customers twice over and that is a wasted expense which Direct Line relies on market research to avoid.

"Market research used to be dominated by focus groups and lengthy phone interviews," Mr Evans recalls. Today he sees a world of online activity where technology can track the movements of a customer across a specific page on a website. "We see the customer journey, how they move around the internet. And then they might phone us while they are on the website."

Such multiple contact points between a company and its customers allow more information to be gathered about how that customer behaves. For Mr Evans, this is about spotting the pain points, places in the website that cause customers difficulty and might deter them from completing a purchase.

Software embedded in the website can see where a computer mouse pauses and how long it takes customers to complete a task. Using this software Direct Line iden-

tifies tricky online locations. It then launches web-chat options that allow people to type queries to a service desk that could help them negotiate any obstacles. This is real-time market research performed by monitoring visitors to its websites.

If technology has presented new avenues for marketing and market research, it has also changed attitudes among the subjects of the research. Brian Jensen, co-director of customer research at market researcher Ogilvy-One, believes that the public is quite relaxed about being monitored as it goes about its online business.

"Customers are becoming more comfortable about how their data is used," he says. "If they feel they will get better service, then the market research element is accepted. But brands must be transparent with them about that process."

The public's rush to embrace digital technology is an unexpected bonus for market researchers. Customers accept they are being analysed as they click in and hover over a website. The big opportunity here is not in the indiscriminate observation of these customers. It involves working out what they are telling their chosen brands as they shop online and then treating that message as a business priority.

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# How to ask the right people the right questions

*Despite advances in technology, which can tell businesses much about their customers, surveys may still have a valid place in market research*

◆ SURVEYS  
● JO BOWMAN

The simple process of asking people questions has been essential to business strategy for more than a century. What's your favourite cereal? If money were no object, which car would you buy? Coke or Pepsi?

But new technology is presenting businesses with a huge range of alternative ways of generating consumer insight and total investment in survey research is declining.

One of the biggest flaws with survey research is that sometimes people give the wrong answers. They might be embarrassed about which snacks they give their kids or how much they drink. Or they may honestly misreport what they think they do.

Another problem is the people who agree to answer questions. The research giant Kantar, which has been experimenting with mini-surveys to encourage take-up, puts it succinctly: "It's no surprise that consumers don't want to spend 30 minutes completing lengthy surveys any more. And the people who do have that kind of time to spare probably aren't the ones you're really looking for."

Phil Garland, a former executive with Survey Monkey, which along with Google Consumer Surveys has helped bring research within reach of much smaller businesses by making it cheaper and faster, is not hopeful that surveys as we know them will be here much longer.

"All parts of the survey world are in danger. The reality is it's become a relic of the past for individuals to use surveys as a way to make their voices heard," he says. "There are 'likes', forums, comment areas, tweets and user feedback forms to communicate directly with a company or influence their products without having to participate in surveys. The world has changed."

For simple questions about whether people prefer this packaging or that one, or doing advertising copy testing, a cheap and cheerful survey is fine, Mr

Garland says, but the pressure on the research industry to keep cutting prices means quality – and the usefulness of survey results – is threatened.

He points to high-profile failures to call elections correctly as evidence of the problems with surveys and the people whose opinions they rely on. This year's general election, predicted by all the opinion polls as too close to call, was won by a sizeable Conservative majority that all, except the exit polls, failed to predict. The industry is currently conducting a post mortem to determine what went wrong; early evidence suggests not one single mistake, but several causes, which together led to the Labour vote being overstated.

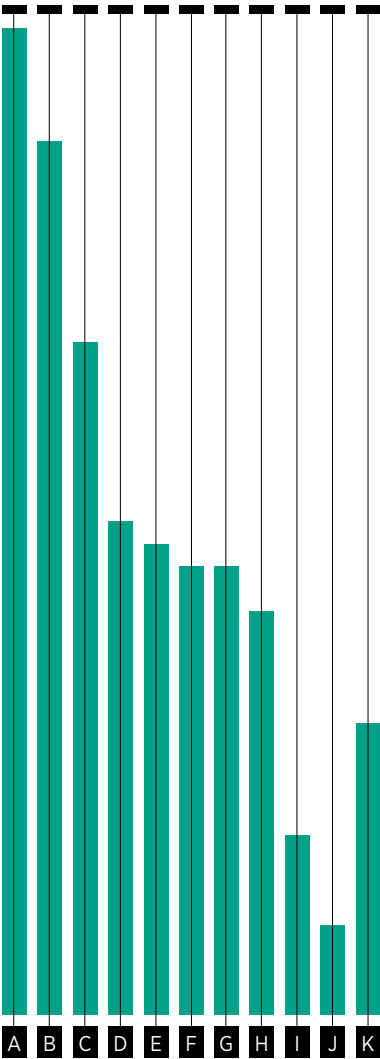
Ben Page, Ipsos Mori's chief executive, says these errors have little bearing on surveys conducted for businesses, which are better funded, less hurried, draw on

larger samples and are interpreted by people who understand the strengths and limitations of the research they've commissioned.

"We know that people aren't particularly brilliant at predicting their own behaviour," he says. The error in the predicted Labour vote, while significant to an election result, would not have a bearing on business decisions. "For many commercial decisions, if it's that close, it's a moot point anyway. You want to see the brown flavour is clearly ahead of the red flavour, so this level of accuracy in some ways isn't even expected," Mr Page says.

So surveys aren't perfect, but what can you do? Plenty. Eye-tracking can determine which parts of a shop shelf or ad people look at. Data analysis can link location with web-browsing. Neuroscience aims to link brain activity detected by scanners with emotional response to stimuli such as logos and advertising. Wearables track consumer activity and photograph what people are looking at, focus groups gauge consumer sentiment, and researchers use ethnography – watching consumers for hours or even days as they go about their lives – to observe the detail that can help inspire new products.

## THE BIGGEST CHALLENGES FACING MARKET RESEARCHERS



A	Technology	44%
B	Consultation	39%
C	Handling data	30%
D	Sampling	22%
E	Competition	21%
F	Budgets/cost of research	20%
G	Methodology	20%
H	Platform	18%
I	Quality	8%
J	Company vision	4%
K	No opinion	13%

Source: Greenbook GRIT Report 2015



## FIVE TOP TIPS TO MASTER MARKET RESEARCH



- 1 Measure something meaningful, not just something you've measured for years and feel you need to keep doing. Trackers have value, but don't always provide actionable insight and can instead lead to a focus on past performance at the expense of current and emerging trends.
- 2 Ask yourself whether you are doing research to discover something new or whether you are looking for research to validate decisions you have already made.
- 3 If you're asking people questions, don't waste their time with things that are "nice to have" but are not essential to the business question of the moment. Does the number of children they have really affect their perfume preference?

One of the many new research providers on the market is ResearchBods, which uses software to track mobile use passively, and can link with diary studies that capture mood at key moments. "Behaviour-tracking is much more accurate than asking people to recall events and provides a wealth of data for researchers, as well as a means by which they can go back to consumers and ask them about specific activities," says director Robin Hilton.

Yet while there's a great deal of excitement about new approaches, businesses are not abandoning surveys. Almost half of all market research carried out is still survey-based, according to global research industry body ESOMAR.

Rhea Fox, head of research at eBay UK, says that between a quarter and

one third of her research budget goes on surveys. "We obviously have access to a huge amount of user data, but surveys critically help us to understand the 'why' as well as the 'what'," she says.

Alison York, research director at Nickelodeon UK Research & Insights, is actually using surveys more, not less, from year to year. Surveys are used to understand media consumption, obtain feedback on new TV shows and evaluate marketing campaigns. She says: "Research really is at the centre of what we do – it informs all elements of our business – and surveys are an important part of the puzzle to provide an understanding into kids."

At the adventure park chain GoApe, surveys of visitors done by e-mail

COMMERCIAL FEATURE

# PRIVACY'S NEXT BATTLEGROUND: MELDING BIG DATA AND MARKET RESEARCH

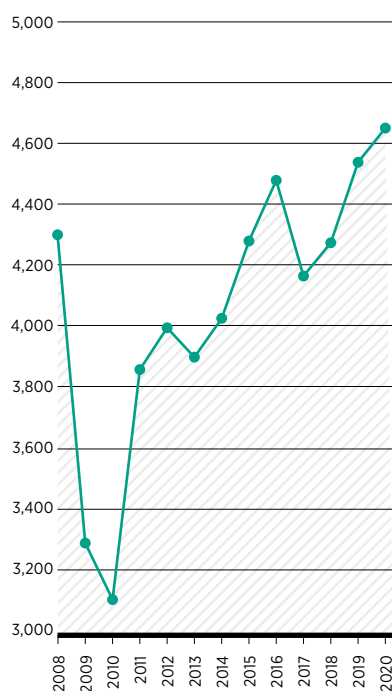
*Data privacy is a hotly debated topic and as the market research industry evolves it must answer some fundamental questions*



**Ben Leet**  
Managing director Europe



## MARKET RESEARCH REVENUE TRENDS IN THE UK (£M)



Source: Eurostat (data adjusted using GBP-USD exchange rate at July 2015)

Ipsos Mori's Mr Page says the toolkit for business research is much more varied than it used to be with observational data, passive data and web activity. "Link that to things we can ask people about and, rather than just ask them, we can measure their galvanic response or pulse rates, we can look at how quickly they click on things to see if they're thinking long and hard about it or is it just an implicit response?" he says.

"What's interesting is that nothing is exterminating everything else. There's still huge demand for face-to-face interviews, but we can get people to wear Google Glass and GoPro cameras, and film their everyday life and have that streamed back to us. We have far more channels to understand human behaviour and what people are thinking."

Marie Wallace, global analytics strategist at IBM Ireland, is a huge advocate of the power of data analytics to generate business insight, but says it can never tell the whole story. "We keep thinking that now we have social data we believe we can analyse... but very often the data doesn't find you the complete answer," she says. "You have to reach out to people at times, you have to ask questions and you have to get some feedback. That isn't ever going to go away."

eBay uses surveys alongside focus groups, ethnography and co-creation workshops to get a rounded view of its customers. At Nickelodeon, they use smartphone media diaries, semiotics and, most recently, facial-coding, to measure kids' reactions. "Surveys tend to give us the robustness we need to validate our qual [qualitative] findings. This also provides a more rounded picture of what is happening," Ms York says.

ResearchBods' Mr Hilton sees a role for surveys alongside hi-tech passive measurement. "Gone will be the long surveys of 15 minutes or more," he concludes. "Surveys will cement themselves in gathering the attitudes and opinions of consumers around their behaviours in real time, helping to provide a much more complete understanding of consumers."

Historically, the market research industry has taken an ethical high ground on the subject of data privacy. It has avoided controversy because the subjects of its research are always 100 per cent clear on what they are taking part in. Nothing is done behind the scenes or without explicit opt-in.

With the advent of big data the industry now faces a fork in the road. To be viable, market research must filter the benefits of big data while maintaining its hard-won reputation for privacy, in a climate where clients want information faster than ever. It must also retain its unique selling proposition for answering the big "why?" questions accurately and not just the "what?"

Maintaining relevancy in a world of data on demand is difficult for market research. The speed challenge cannot be met with old methods, so the market research community should embrace big data and techniques fusing passive with active information to address this.

Ben Leet, European managing director for Instantly, explains: "Big data does go some way to solving this speed challenge. If we are able to collect data ahead of time – whether that be behavioural, sentimental or opinion driven – then it's much easier to minimise the 'asking' required of respondents. It also removes some of the memory recall bias associated with surveys that ask for responses after the fact."

Technology is enabling automation to deliver greater speed across a variety of industries and its adoption within market research is inevitable in solving the speed conundrum, helping to maintain relevance in a fast-paced world.

"For example, today Instantly has the technology to understand which of our panellists has been exposed to a particular mobile advert. We can then passively

track their movements, with their consent, to understand behavioural changes, such as store visitation patterns, and from there we could even survey those people in stores in real time via the same mobile device," says Mr Leet.

"It doesn't then take a leap of faith to imagine merging this data with point-of-sale data and other information to develop a much wider view on a respondent, and deliver more relevant surveys and content to them, while asking fewer questions and being much quicker in delivery."

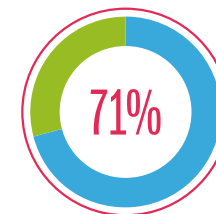
While it does have a "big brother" feel to it, according to an Instantly UK online survey, conducted earlier this month, of 1,000 adults in the UK, 62 per cent of respondents agreed that big data can benefit them by making market research surveys more relevant and shorter.

This is not to say that privacy is no longer an issue.

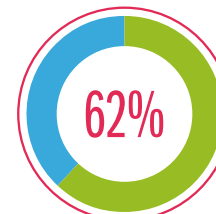
Some 71 per cent confirmed that data privacy and security remain a concern. But, says Mr Leet: "If you can clearly communicate the benefit of big data, then consumers will be more likely to share. Only 28 per cent of respondents were not comfortable with market research companies sharing their personal data with brands to provide deeper insights alongside survey data. Instantly is working to create a stronger dialogue with its large international audiences to address this."

Mr Leet concludes: "Our industry is facing challenges and opportunities equally. It's how quickly we as an industry can keep up with the sentiment of the people we're researching and the demands of our clients that will define our future."

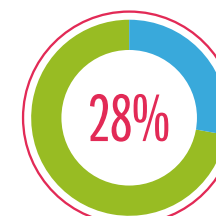
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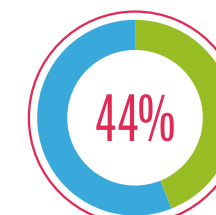
of UK adults are concerned about their personal data routinely being collected online and via mobile devices



agree that big data can benefit them by making market research surveys more relevant and shorter



are not comfortable with market research companies sharing their anonymous profile data with brands to provide deeper insights alongside survey data



agree the benefits of receiving relevant products, services and money-saving offers outweigh their concerns about big data

Instantly conducted this study online with 1,000 UK adults between July 6-7, 2015

**4** Don't buy research based on price alone. A good research provider should be able to answer questions about how they recruit respondents, how they ensure panel quality, and discuss drop-out and disqualification rates.

**5** Ensure that research results are presented in a way that easily communicates the key points and is accessible to people throughout an organisation. This also helps reduce the risk of duplication.

have led the company to make specific changes to improve the customer experience. Water stations were installed, certificates developed to help visitors celebrate their achievements and park signage was improved.

The impression many people have of surveys being taken on a clipboard in a shopping mall is far from the reality of modern survey research. Surveys are increasingly being done online, are optimised for mobile, with fewer questions, and some use images or gamification to make them more engaging. Others aim to strike consumers when they're 'in the moment', with a couple of questions just after making a purchase, for instance, rather than asking them to recall their feelings later.



# Mining social media for its nuggets of gold

*Customer information is now available on a scale that threatens to engulf companies who need specialist help to hear the message hidden within*

## ◆ SOCIAL MEDIA

● MICHAEL DEMPSEY

When most people talk about big data they have a fuzzy sense of large quantities of digital material in mind. When Tim Barker talks about it, he knows exactly what it means. The chief product officer of software house DataSift sees his business devouring 40,000 items of data per second.

This prodigious appetite for information is triggered by DataSift's core purpose. The company consumes information flowing out of social media sources such as Twitter and Facebook and turns this into a commercially viable product. The torrent of data is such that a raw social media feed is referred to as a firehose.

The sheer volume of data generated by social media presents a problem to market researchers. How can they isolate valuable nuggets of information from



## DATAFILE

Every two days we create as much information as we did from the beginning of time until 2003.

Source: Eric Schmidt, Google

More than 90 per cent of all the data in the world was created in the past two years.

Source: IBM

The total amount of data being captured and stored by industry doubles every 1.2 years.

Source: Arizona State University

If you burned all of the data created in just one day on to DVDs, you could stack them on top of each other and reach the moon – twice.

Source: Computer World

The big data industry is expected to grow from \$10.2 billion in 2013 to about \$54.3 billion by 2017.

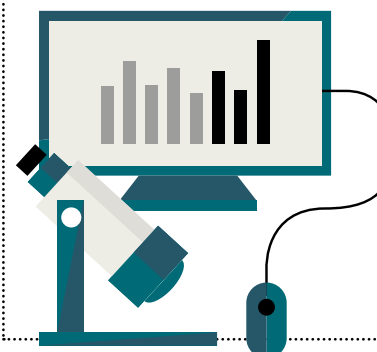
Source: Baseline

Between them, companies monitoring Twitter to measure "sentiment" analyse 12 terabytes of tweets every day.

Source: IBM

30 billion pieces of content are shared on Facebook each month.

Source: McKinsey



the mass of irrelevant messages? This is where DataSift, a four-year-old UK business that has already expanded into the United States and Canada, comes in. DataSift sorts and interprets the data until it becomes material that market researchers can make use of.

Mr Barker and his colleagues scour the outpourings from firehoses separating messages into topics such as food, fash-



**The use of big data in market research has to be about improving insight and not simply counting the greatest number of online posts possible**

ion or finance. They divide their work between sentiment and entity analysis. Sentiment analysis attempts to define the emotion behind a comment, spotting irony or sarcasm. Entity analysis spots the meaning behind a word, such as whether "apple" refers to the fruit or the computer company. Both of these tasks are inherently simple for humans and very difficult for software.

It is not possible for human eyes to scan every message for full analysis. But conventional software cannot perform the task either. DataSift bridges this divide with a technique it calls machine learning. This involves human specialists providing a computer program with repeated definitions of a sentiment or entity until the program can apply those categories automatically. Machine learning is essentially training by rote and resembles a high-technology version of teaching a dog to sit.

This raised level of understanding by the software is combined with DataSift's

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analysis of data by specific demographics. While the information gushing out of social media remains anonymous, market researchers must know which demographic they are dealing with.

“There is an historic problem with using social media for market research,” Mr Barker explains. “You need to be sure you are looking at a representative sample, not just random opinions.” Market research clients specify which audience they are interested in, so the analysis must represent the opinions of their customer base and not just the general public.

Market research techniques have always tried to isolate segments of the public through focus groups and opinion panels. So the use of big data in market research has to be about improving insight and not simply counting the greatest number of online posts possible.

DataSift’s social media partners span 24 networks and include popular blogging tools such as WordPress. Its latest service, called Vedo, allows DataSift clients to track their target audience right across this online world.

Consumers are trawling the internet for advice long before they arrive on a company website to make a purchase. So DataSift aims to open up that journey for analysis. For example, this may involve observing the consumer visiting sites such as TripAdvisor before they choose a travel destination. “You must be able to look right across the spectrum when you study a consumer,” says Mr Barker, “because today more than half of a consumer journey is done before they contact the supplier.”

He sees his work as taking market research far beyond the usual public perception of a forlorn figure accosting strangers while clutching a clipboard. Social media analysis has opened a whole new window on to the world of customer behaviour. “We are using data that simply did not exist a decade ago, but we do need the skills to turn it into valid survey results.” So DataSift applies classic analytical judgment to the big numbers.

This need to discriminate and focus on the right slice of society when confronting big data is a driver for Gateshead-based Colourtext. This company specialises in what founder Jason Brownlee terms “social listening”.

Colourtext identifies panels up to 5,000 subjects who are active on social media and represent relevant characteristics such as age, gender or geographical location. By selecting a precise demographic, Colourtext can be confident that these social-listening exercises are not just reflecting the general noise of social media.

One of its panels, representing UK millennials, those born between 1980 and the early-2000s, generated 400,000 Twitter posts in a month. Colourtext uses its own software to analyse what is being mentioned in these tweets and also widens this by looking at which hashtags proved popular. The key to it all, says Mr Brownlee, “is choosing who you listen to and not collecting everything out there on a particular topic of interest”.

James Murphy, head of insight at marketing services agency Dissident, agrees that social listening has a big role to play in market research. But he cautions that the use of social listening is embryonic in market research and it should not be treated as single source of truth. “Social media is a volatile tool. You need to get corroborative material, to mix the social listening with old-fashioned market research tools, asking questions in focus groups or running surveys,” he concludes.

OPINION COLUMN

# Delivering data revolution

*Turning big data into smart data is essential to cut costs and grow business, but customers’ personal information must be handled with sensitivity to build consumer confidence*

JANE FROST  
Chief executive, Market Research Society

“ We live in a world where information is collected constantly. Institutions are in a position to learn more about individuals than ever before. Data capture on this scale represents a unique opportunity for businesses, policy-makers and consumers. Brands can better understand what drives consumer choice. Welfare agencies are able to identify funding needs more accurately. The consumer has at their fingertips a wealth of knowledge we could only have dreamt of half a century ago.

But with so much information available, we find ourselves in danger of getting lost in the numbers – data is only as good as the questions you ask of it. This is where the skill of the market researcher comes in. We are the bridge between data and its application, asking the right questions to provide actionable insight. It’s vital that we make big data, smart data.

“ People need to know that their personal information is going to be treated ethically

At the centre of all this is skill and interpretation. Much of the data that companies collect is ‘dirty’ or unnecessary to constructing the understanding and insight that delivers competitive benefit. Money could be saved by being cleverer about what data is collected.

For ethically run businesses, however, this heightened level of knowledge brings with it the need for greater responsibility. Any company can collect and hold data on the general public – and most do. But the more information institutions gather, the more potential there is for misuse. Inappropriate data handling can range from deliberate abuse to unintentional carelessness, but in every case it is immensely damaging.

Skilled market research professionals have been handling sensitive data for decades and must remain at the forefront of best practice, helping businesses respect the people whose data they may hold.

And make no mistake, this matters to consumers. Research conducted by YouGov for the Market Research Society (MRS) Delphi Group revealed that 70 per cent of people judge data priva-

cy to be more important now than it was five to ten years ago. Some 64 per cent felt that companies benefit from data collection more than the consumer, with some stating institutions derive all the advantage from the process.

There is clearly a desperate need for more transparency. The increasing monetisation of data and the more sophisticated sales targeting which is now possible needs to be accompanied by every effort to build consumer confidence. People need to know that their personal information is going to be treated ethically. MRS launched its ethical data trust mark, Fair Data, to help organisations engage in a much more transparent ‘data dialogue’ with their customers and stakeholders. It represents an independently audited way that businesses can visibly commit to ethical data use.

The simple fact is that if businesses don’t make the effort, then customers vote with their feet. Increasingly, people are choosing to ‘go dark’, cutting off communication with a company as a result of unwanted contact. Similarly, a high proportion of consumers admit to giving out false information if they have doubts about how their data will be used. In both cases, businesses and consumers lose out as they become increasingly disconnected.

If this isn’t enough to persuade businesses to take action, then perhaps the legal implications will be. The updated Consumer Rights Act comes into force in October with far more potential for punitive measures than previous legislation. Against this backdrop, institutions cannot avoid a comprehensive review of their data policy to make sure it is fair to all involved.

Used correctly, smart data represents an enormous opportunity. The MRS is a committed champion of ethical data use precisely because it will allow the data revolution to deliver on its potential. If we can facilitate that, then we can benefit businesses, consumers and society as a whole.

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Q:  
“ Still, better than looking cleverer than you are.”

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# Telling the story behind data

Once upon a time, market research was about delivering thousands of pages of analysis – now the emphasis is on actionable insights that speak to all departments of an organisation

◆ STORYTELLING  
● DAN MATTHEWS

Market research is different to how it once was. Before digital technologies came racing over the horizon clients who commissioned researchers were paying for leg work as much as insight. Essentially they were forking out for teams of temps with clipboards to throw questions at shoppers as they exited Woolworths.

Because the work was arduous and drawn out – researchers had to battle inclement conditions as well as inclement members of the public – just extracting a defined number of responses was seen as a win. Clients were happy that 500 people had given their views on lawnmowers or TV shows or jam.

But in 2015, getting the views of 500 people on just about any topic is really cheap and very easy. Meanwhile the raw information you extract is likely to be more accurate because it is given online or on the phone (probably in return for a small bribe) and not thrown back over someone’s shoulder as they head for a car park.

So market researchers have had to upgrade what they do. If it’s no longer good enough to parcel together a few megabytes of unstructured data, put a binder around it and post it to a client, then what represents a job well done?

To answer this question most have shifted their focus from data gathering (easy) to data analysis (hard). They know that communicating lessons and explaining how customers can act on data is much more useful than the specifics of the data itself.

Actionable insight, therefore, is all the rage. It is down to research teams to excavate details from the mess of views they generate and string them out into an elegant and comprehensible story for their clients to gobble up.

In this lean era, businesses don’t just want to find things out, they want to understand how those things can put 10 per cent on the bottom line, make their customers write glowing reviews on social media or create some other beneficial outcome that represents a return on investment.

Businesses don’t want to wade through big data, they want to skim over a manual with clear instructions on how to improve things step by step. It’s up to market research firms to tell them how to connect the dots based on what they have discovered.

Alistair Millen, strategy director of Critical Mass, says: “Digital tools have revolutionised the market research industry. At one end of the spectrum, online outfits such as Survey Monkey

have made it quicker and easier to gather a set of stock responses cheaply and efficiently.

“But it has also put a real premium on information at the other end of the spectrum; the deep and meaningful insight into things like customer experience that you won’t get from a simple survey. Data in itself is meaningless – it’s the analysis and insight, through the storytelling, that provides real value.”

Millward Brown’s head of UK marketing Amanda Phillips argues that storytelling skills are in demand because they can bring colour and insight that motivates teams to act in a way which benefits the business.

“Internally within organisations, storytelling has become a tool used to engage key stakeholders about the evidence presented by the data,” she says. “We know through our own neuroscience solutions that storytelling is a creative tool which evokes stronger enjoyment and engagement and which motivates people.

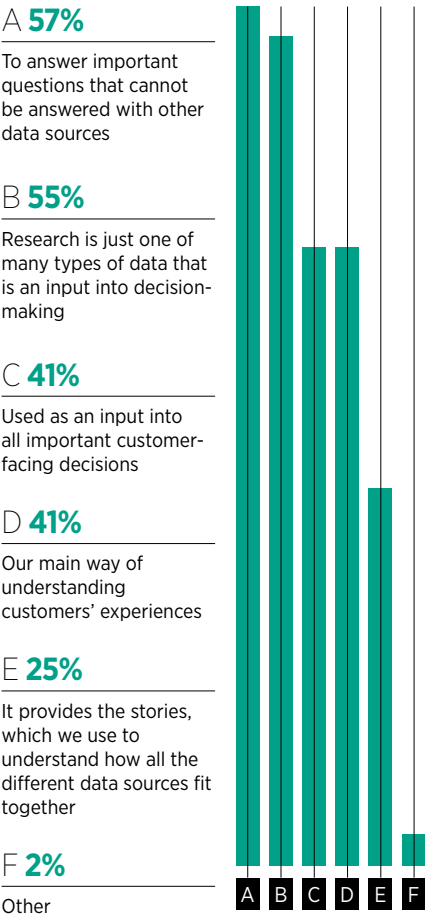
“As with many industries, time is precious, and insights functions need to be able to get their hands on concise summaries of complex, multi-country research studies and practical, actionable insights which they can use to brief marketing and advertising, product development or sales teams. The days of the 15-slide decks are long gone.”

Some agencies are taking storytelling theory to its logical conclusion by placing clients into the narrative. Researchers at Sense Worldwide say they do “a lot less asking and a lot more observing”, using behavioural economics to pull out meaningful information. The team brings clients along for the ride, setting up controlled environments so they can put themselves in a customer’s shoes.

Brian Millar, Sense Worldwide’s head of strategy, explains: “There’s little point in asking somebody why they bought a Duracell versus Energiser battery. They don’t know. Our unconscious brain makes those decisions for us. When you ask people, you get the rational brain, trying to make sense of a decision it had no part in.

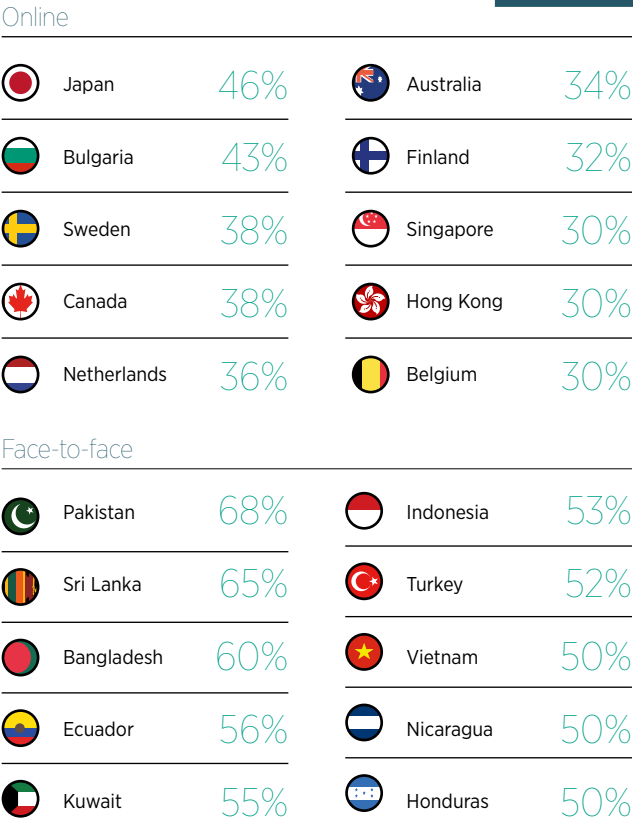
“So we now strap GoPros [camcorders] to people and observe them for four hours at a time, doing housework, cook-

## WHICH OF THE FOLLOWING DESCRIBE HOW MARKET RESEARCH IS USED IN YOUR ORGANISATION?



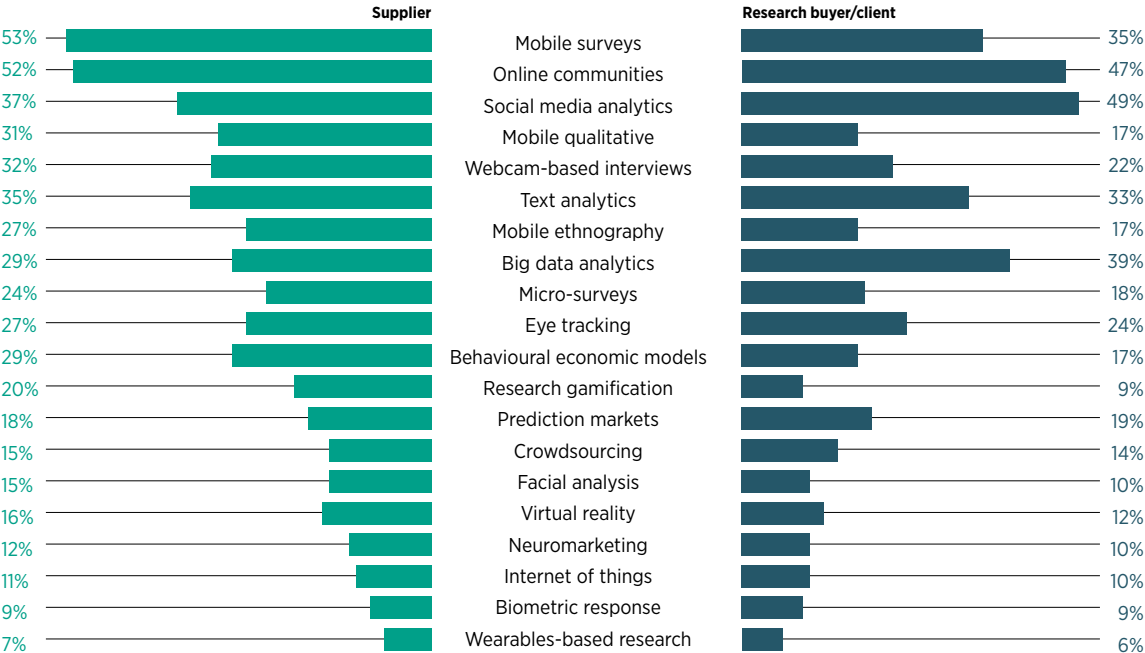
Source: Greenbook Research Industry Trends Report, June 2015

## COMPARISON OF TOP TEN COUNTRIES' SPENDING ON ONLINE AND FACE-TO-FACE RESEARCH AS A PERCENTAGE OF TOTAL RESEARCH BUDGET



Source: ESOMAR 2014

## ADOPTION OF EMERGING MARKET RESEARCH METHODS

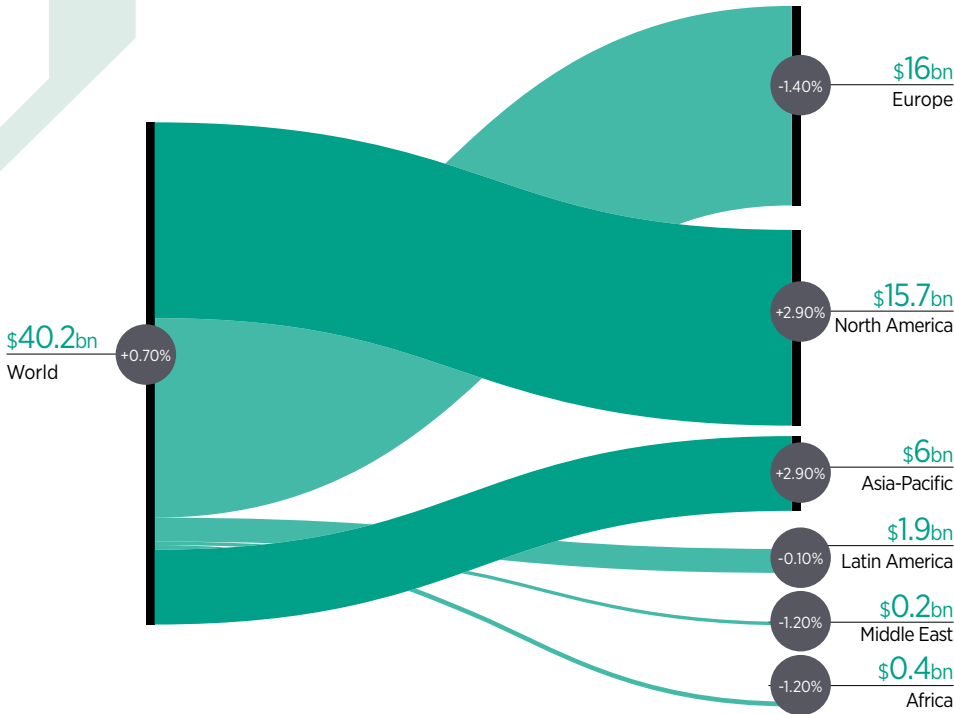


Source: Greenbook Research Industry Trends Report, June 2015



GLOBAL MARKET RESEARCH TURNOVER 2013

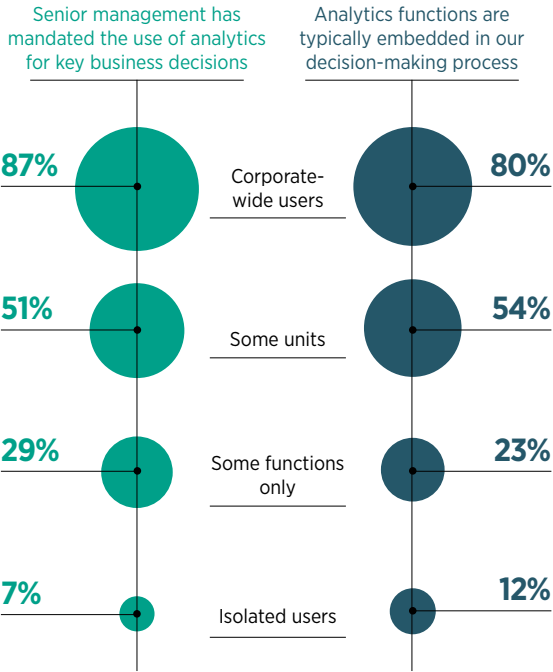
MARKET RESEARCH TURNOVER  
NET GROWTH RATES - Exchange rate fluctuations eliminated



Source: ESOMAR 2014

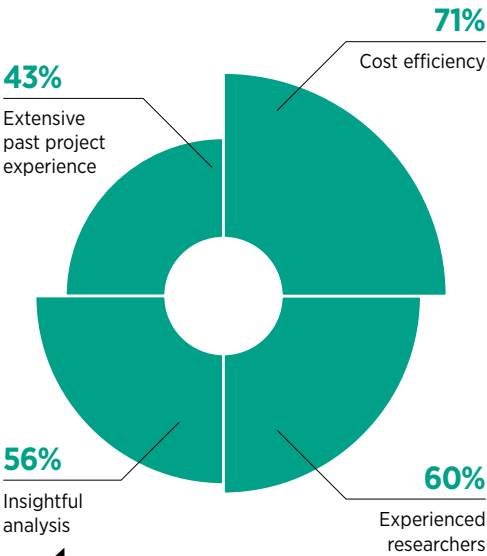
C-SUITE COMMITMENT TO DATA-BASED DECISION-MAKING

How accurate are the following statements in describing your area of your organisation?

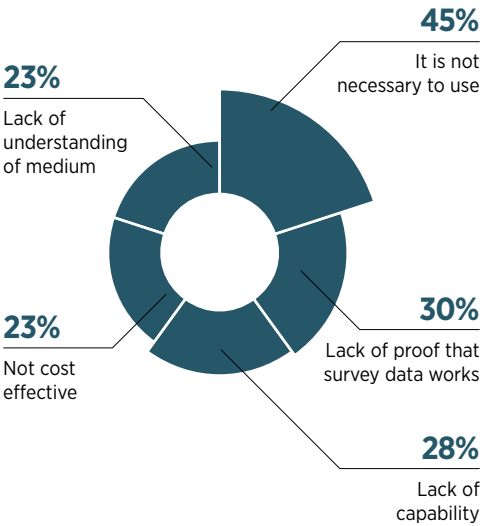


Source: Harvard Business Review

WHICH FACTORS INFLUENCE WILLINGNESS TO WORK WITH MARKET RESEARCH?

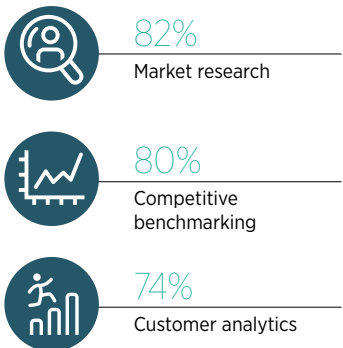


REASONS NOT TO ENGAGE WITH MARKET RESEARCH



Source: Pulse

TOP THREE SOURCES USED TO INFLUENCE DECISION-MAKERS



Source: IBM

ing, shopping and exercising. We also use motion-sensitive cameras in homes; it gives us deep insights into the unconscious behaviour of consumers.

“Experience is king. Recently we built empathy for elderly consumers within a technology company by setting up a house in San Francisco and fitting them with suits that restricted movement, hearing and eyesight so they’d understand the limitations of their customers. It was enlightening and also extremely emotional.”

Other market researchers are bringing new levels of clarity through media, including infographics and video vox pops, the kind of vehicles that can convey a thousand words at a glance.

Opinium Research, one such shop, also places particular emphasis on the very beginning of the process by accurately translating the business need into survey questions. It’s a process without which achieving return on investment becomes much harder.

The old adage “garbage in, garbage out” applies in this field and client businesses must be sure their research agencies are asking the right questions to extract answers they can confidently act upon.

“A researcher must translate their client’s complex key business needs into a short questionnaire that is easily understood by thousands of respondents from a variety of backgrounds,” says Opinium’s managing director James Endersby. “Once fieldwork is complete, the analysis starts.

“We use all sorts of techniques to bring the findings to life. From infographics

and cleverly designed presentations where the story jumps out and is easily picked up, to video and vox pops where we bring the voice of the consumer into the boardroom.”

Manoj Madhusudanan, managing director of InsightBee, argues that market research is really just problem-solving with the help of data. If the research doesn’t address the client’s burning issues then what really is it good for?

The trick, he says, is to learn the pain points of a business so researchers can concentrate on the vitally important

“  
Client businesses must be sure their research agencies are asking the right questions to extract answers they can confidently act upon

solutions without getting distracted by information that has little or no value.

“The key is to focus on problem-solving,” he says. “The client has a particular problem to solve and research is an enabler, not an end in itself. If we keep this in mind and structure the

problem carefully into its sub-parts, we can start to look for specific answers.

“Then it becomes easy to weave it all together and build the story in such a way that it addresses the problem at the top level. As part of that process, unimportant details that do not help solve the client’s problem are automatically omitted.

“The issue with many researchers is they do not pay attention to structuring the problem at hand and try to deliver everything they find on the way. That doesn’t really help the client get useful insights.”



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◆ QUALITATIVE RESEARCH

● CHARLES ORTON-JONES

Old? These days qualitative research looks positively medieval. While practitioners of its younger brother – quantitative research – boast of crunching big data on servers and running algorithms to find patterns, qual researchers are talking to people. Slowly. In a room. They could do it with a quill pen on parchment.

Yet if you ask a market researcher whether there’s life in “ye ancient qual”, you’ll get to see a grin on their face and a glint in their eye. Qualitative research is as loved and needed as ever. But why?

“You get flashes of brilliance with qual,” says Matthew Froggatt of market research agency Incite. “If you have a new product and you want to find a way of articulating its benefits in a language consumers find compelling, then use a focus group. The right words might just fall out of one of the participants.”

A qual session can sober up marketers. “Marketers can get tunnel vision from time to time,” says Mr Froggatt. “Show them a vox pop of a real consumer talking about their product and the scales fall from their eyes.”

Qual beats quant for texture and nuance. That’s its job. It goes deeper. It probes areas which numbers and tick-box exercises can’t capture. How could that then ever be obsolete?

Doing qual relies on one-to-one interviews, focus groups and ethnographic research – watching people at home as they brush their teeth, watch TV, eat family meals and go to sleep. But there have been a few advances.

The rise of smartphones means ethnographic research can be accessed on

“  
When used well, qualitative research gets to hidden layers that are not easily accessible, providing a complete picture of people in context

demand. This is a big step forward for the qual profession.

A popular startup in this space is Streetbees. Founded in 2014, it offers brand managers a pool of 20,000 consumers, or bees, in 81 countries who’ll do whatever is asked of them.

“We do videos,” says Streetbees founder Tugce Bulut. “We had a client who wanted to know how mothers feed their babies aged six to twelve months in



# Feeling the quality of human reaction

*It may be lo-tech compared with the hi-tech analysis of big data, but qualitative research remains a valued voice in marketing*

## INTERVIEWING TECHNIQUES

### Focus groups

A moderator-led discussion, either face to face or by teleconference, of a group of individuals who share a need, habit, or life circumstance relevant to the research issue(s) at hand. Typically one to two hours in length, with two to ten respondents.

### In-depth interview

One-on-one interviews with a single individual, typically lasting from 30 to 90 minutes.

### Dyads, triads

In-depth interviews with two or three people, who often represent members of the same family or business team, and who use a product or service and/or make purchase decisions together.

### Paired interviews

Consecutive or interlocking interviews with two people who use and/or decide to purchase a product or service together for example, husband and wife, parent and child.

Source: Qualitative Research Consultants Association

Switzerland, Germany, France, Poland, Czech Republic and the Netherlands. That research used to take months and cost £20k. We asked our bees to film what they did in their homes. Some used cereal with milk, some used Aptamil. The client saw what these consumers did and what they stocked in their kitchens. Our research cost £2k and took two days to undertake.”

PepsiCo used Streetbees to gather

data on consumer snacking habits after dinner. The Streetbees community was able to offer near-instant footage of their activities. Unilever, Starcom Mediavest and Innocent Drinks are clients – an impressive roster for a startup.

Part of the appeal of the Streetbees formula is the lack of contamination. The bees download an app to participate and get paid a small amount for each bit of research they submit. Qual researchers

are rightly paranoid about interfering with consumers with leading questions or intrusive camera crews. This approach gets round that issue.

It isn’t always possible to keep arm’s length from consumers when doing qualitative research. Focus groups are the mainstay of qual and need the presence of a moderator. With tiny numbers – as few as eight consumers – sessions are always at risk of going sour.

Paul Hague, founder of market research agency B2B International, has been doing qual for more than four decades. He recalls: “I ran a focus group for a gas company. As I went round, one of the attendees said her husband worked for BOC, a competitor. The client knocked on the door and said ‘Get her out!’ It created a huge problem. She left. The others were disturbed. It took a while to calm them down.”

Mr Hague says qual can only be trusted if the moderator has the skill to tease opinions from the group without triggering a bias or freaking them out. “It’s a piece of theatre,” he advises.

Can focus groups be valid, with so

## WHY QUALITATIVE RESEARCH WORKS

Qual creates synergy among respondents, as they build on each other’s comments and ideas.

Interviews and discussions are more dynamic and engaging for respondents than a more structured survey.

The ability to question reasons behind respondents’ opinions gives researchers a better understanding than simple one-word answers.

Non-verbal communication (body language, voice intonation) can be observed and recorded to interpret feedback.

Source: Qualitative Research Consultants Association

few participants? Mr Hague: “If a new restaurant opened, how many people would you need to ask before you felt confident that you knew if it was good or bad? Two? You don’t need to ask 200. With a big number, you get more ac-



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## QUAL AT THE ROYAL ACADEMY



The Royal Academy of Arts is arguably the finest gallery in the country. It is still independent, supported by members and paying visitors who come to see the extraordinary collection of paintings, books and the only marble sculpture by Michelangelo in the UK. The Summer Exhibitions attract big crowds, swelling annual numbers to around 1.3 million.

The management of the Royal Academy was keen to learn more about the visitor experience. Quantitative, tick-box market research was felt to be contrary to the spirit of the institution. Asking art lovers to fill out forms would destroy the emotional resonance of the experience. Besides, the Royal Academy wanted deeper, non-verbal insights into the way art affects viewers.

So, in the summer of 2014, qualitative research agency Northstar Research Partners, together with the London School of Economics, conducted an ethnographic study for the Summer Exhibition at the Royal Academy.

It was the first such study of its kind in the 245-year history of the institution. It was hoped the results would help the management lure in a new generation of visitors and improve the experience for old-hands.

Northstar used a method called "micro anthropology". This borrows from the field of academic anthropology. It requires close, but unobtrusive, observation of communities. The big difference being the time frame; Northstar had a few months, not the years usually spent by academics in the field.

The Northstar researchers recorded "micro moments" which reveal how visitors are responding to the art. These include recording conversations, interactions, gestures and movements within the exhibition context.

Northstar's researchers then looked at three areas of the visitor experience. First, the Summer Exhibition is known for its free-flowing navigation. There are few signs to guide viewers; they make their own way. The idea is to allow each visitor to have their own personal, undirected experience.

Secondly, there is a big family element to the Summer Exhibition. Children accompany their parents, making it distinct from other galleries where lone visitors are more common.

Thirdly, the study looked at the impact of the highly varied artists on offer. Unlike, say Tate Modern or the Imperial War Museum, the Royal Academy hosts a wide array of art across all styles.

This is the same venue which put on the Young British Artists' *Sensation* exhibition, launching the career of Tracy Emin, and next year will host *Painting the Modern Garden: Monet to Matisse*.

The results of the qualitative study? A number of changes were made to the current Summer Exhibition, including a greater online and social media presence, changes to opening hours to encourage family attendance, and minor variations in curation and exhibition design. The Royal Academy reports an increase in visitors of 30 per cent in the first weeks of this year's Summer Exhibition compared to 2014.

curacy, but not necessarily any greater understanding of what the place was like, its strengths and weaknesses. Just ten to thirty consumers are all you need for good qualitative research."

Pollster and market research agency Opinium Research is using pop-up communities to offer quick, uncontaminated qual responses. Managing director James Endersby says: "We recruit relevant respondents on to an online-platform community where we are able to engage with them for a number of days as we feed tasks and queries to them or load up images of products for them to view. They are able to log on in their own time to feedback their opinions and build the discussion. These pop-up communities are great value for money for clients and provide a huge amount of powerful qualitative insight."

Methods such as this will bring qual to even the most budget-conscious firms. However, there will always be a constraint on qual. It is a time-consuming,

forensic process. There are no shortcuts. Anjali Puri, global head of TNS Qualitative, says: "While it's relatively easy now to draw verbatims from social data and to make quick and easy connections with consumers in real time, if we base judgments on fragments and sound bites rather than full stories, we are in danger of losing the real meaning of things."

"When used well, qualitative research gets to hidden layers that are not easily accessible, providing a complete picture of people in context – a story that goes beyond the fragments that any other approach provides."

So yes, qual is old fashioned. But this is its charm and strength – and the reason it will be around for years to come.



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## COMMERCIAL FEATURE

# CLEAR PATH FROM DATA TO BUSINESS GROWTH

*Global growth has forced companies to explore overseas markets, find new customer segments and tailor new products for them – and to do that they need access to fast, accurate market data*



**Chris Fanning**  
President and chief executive



**The market research industry has had to raise its game and leading the way is SSI. In a Q&A, chief executive Chris Fanning explains how they are staying a step ahead to fulfil the demands of their customers.**

**Q What are the major forces shaping the future of market research?**

**A** Global growth and technology – you can't achieve growth without scalable global technology. That's why companies such as SSI that have been around for many years – 38 in our case – must be willing and able to invest.

Over the last three years, our focus has been on building our proprietary panel to deliver bigger, better profiled respondents across the broadest set of countries and establish the largest collection of online panel assets in the industry today.

We've invested in products such as QuickThoughts, a mobile app now available in 19 countries, and our new Proximity Sample mobile geo-location capability. With new private equity owners, we've been able to make some acquisitions of our own, including two of the leading online research panels in Australia and New Zealand, MyOpinions and SmileCity. Today SSI has the best global footprint of any company in this industry.

**Q What are the main challenges for market researchers and their clients?**

**A** I think the sheer pace of change has forced companies to look for market research partners and techniques that are more agile and responsive. Technology

is enabling agile market research in the same way it enables agile, lean manufacturing, and responsive and real-time re-tailing. We've just introduced new mobile technology that collects real-time, in-the-moment data from people to help market researchers develop sharper, deeper, richer insights.

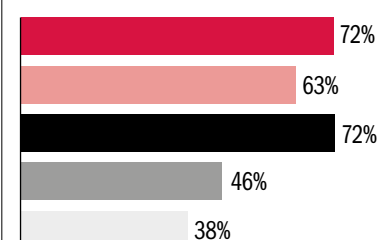
Then there are the issues around the lack of resources. Demand for better, faster global insights is growing, but the resources are becoming scarcer.

With global expansion, companies need partners who can scale quickly and manage complex, multi-country studies, not just in major markets, but in markets no one even considered five years ago.

**Q How can market research help solve for the challenges created by big data?**

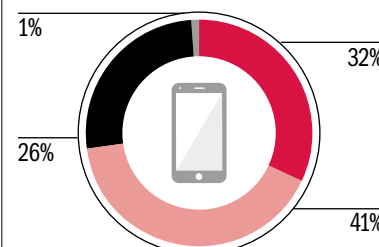
**A** Big data is a term that has really caught on, but actually it's not that new. Data from which we produce the information and insight has always been there, it's just that the nature of the data has changed. The problem for clients is the vast amount of data they have buried in so many different silos within the organisation. This restricts their ability to do the analysis and uncover the insights they need to make decisions. We are investing in advanced analytics and data-reporting tools that will produce the insights from this data. We work with a lot of consulting firms and, having worked in that field myself, I know how a big leap forward it is being able to harness the power of huge amounts of higher quality global data.

**UK: weekly smartphone users' online activities**



● Search engines ● Watch online videos  
● Visit social networks ● Look for product information  
● Check mail

**Connected devices smartphone owners use more often to go online**



● Smartphone > computer/tablet  
● Smartphone = computer/tablet  
● Smartphone < computer/tablet  
● No answer/don't know

**Q Which new technologies in market research excite you?**

**A** Mobile is the big one. When I joined SSI in 2012, everyone was asking about it. Today there is so much more you can do by having a mobile technology platform, not just the mobile surveys, but the whole range of collectable data enabled by the sensors and technologies embedded in smartphones.

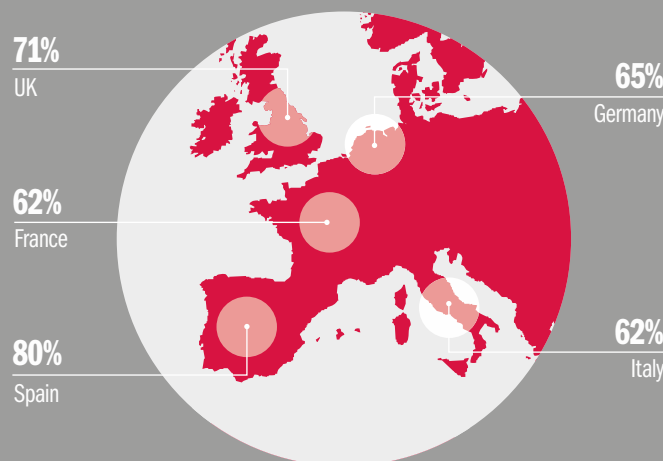
Mobile enables intelligent, adaptive surveys, the integration of a real-time mobile behaviour view with in-depth surveys that can be triggered automatically.

Measuring the location of shoppers and accurately mapping the full path to purchase is being enabled by a new set of consumer mobile technologies, proximity beacons and GPS positioning.

Mobile devices are behind the growth of "shared content" in the form of photos, videos and social media, data sources that enrich our insights. Mobile will dominate for years to come, which is why we have invested so heavily in the technology behind it.

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## SMARTPHONE USAGE IN EUROPE



Source: Consumer Barometer with Google: The Connected Consumer Survey 2014-15



COMMERCIAL FEATURE

# LEARN THE APPEAL OF GORGEOUS GEORGE

Neuroscience is helping brands understand consumers’ subconscious emotional reaction to their products

MarketingSciences  
Unlimited...



Nespresso coffee has been doing rather well, growing at 30 per cent a year. A big slice of its success is down to George Clooney. The TV ads for Nespresso feature gorgeous George – and it’s clear they work. But here’s a question: what do men think of the ads?

We know that asking consumers outright is problematic. Some men may be reluctant to admit they admire the Hollywood star. Others won’t want to say they are intimidated by his gleaming smile. We may not be consciously aware of our reaction.

What we need is a test which reveals what men really think.

Consumer neuroscience is superb at this. Consumers can be monitored to help us understand their subconscious emotional reaction.

We at Marketing Sciences Unlimited recently used the Nespresso ad to demonstrate consumer neuroscience research for the BBC.

There are three metrics to the test. An electroencephalogram (EEG) measures the subconscious emotional reaction as

the person watches an ad. Is what they are seeing relevant to them? Do they identify with the people, situations or values?

A galvanic skin response (GSR) sensor measures changes to the electrical conductance of the skin. Being energised, excited and driven to action, will be picked up in a GSR. This is really important as it can predict purchase behaviour in response to brand messages.

The third component is eye-tracking. This reveals where viewers are looking at any given moment. Combine all three metrics and you get a second-by-second report on the depth of the viewer’s emotional reaction and attention as it fluctuates during the footage.

We monitored our participants’ reactions with these tools and played a Nespresso ad in which George Clooney has a misunderstanding with a beautiful woman. Does she want an autograph from the handsome movie star? Er, no, just for him to move over so she can make a coffee.

The results? The research shows women love the ad. The light humour resonates in the right way and we can identify which scenes and messages provoke peak reactions.

“Marketing Sciences have worked really closely with us providing clear outputs and recommendations that helped develop the strategy for the coming year – Tesco

Men provided a distinct contrast. Their emotional reaction is opposite to women’s. The flirting between George and his *femme fatale* produced a cringe. They identify with George’s awkwardness.

The experiment, broadcast on BBC One, demonstrated what consumer neuroscience can bring to brands. Used correctly, it reveals the unconscious emotional processes of consumers that would have never been uncovered. It brings a new dimension to market research.

Marketing Sciences Unlimited are recognised as pioneers at the cutting edge of neuro-research. Our neuroscience consultancy Walnut Unlimited is one of the UK’s very few agencies devoted to developing marketing insights through the study and application of neuroscience.

BEAT THE COMPETITION

A key component to consumer Neuroscience is combining it with other methods. It rarely stands alone. Here is where we can draw on the breadth of our service. We’ve been in business since 1977 and have developed expertise in combining diverse disciplines of market research to create actionable insights for business. Our experts offer advice and consultancy, not just numbers.

For a client such as Danone that wanted to enter the desserts market with a low-fat option, we combined sensory profiling at our own high-tech sensory lab and consumer research.

Using the two approaches meant consumers were able to tell us what they liked and our sensory profilers provided detailed

information on how the test products differed. Danone used these insights to optimise the taste pre-launch. The result? Six months after launch, Danone had achieved a 5 per cent penetration of everyday desserts and driven overall category growth of 14 per cent, with Shape Delights accounting for 40 per cent of this.

When Heinz Salad Cream wanted to overhaul their brand identity, our team of creative qualitative experts scrutinised the brand with consumers before we recommended major packaging changes using our industry leading Packmaster validation process. The results can now be seen on the shelf.

Tesco asked us to evaluate its Eat Happy healthy-eating programme for schoolchildren, which is currently running in stores up and down the country. We have one of the largest face-to-face fieldforces, all equipped and trained on tablet for faster data collection. Our award-winning customer experience team worked closely with Tesco, both at the time of delivery in-store and a few weeks after, to measure lasting impact.

Jodi Burt, senior programme manager at Tesco, reports: “Marketing Sciences have worked really closely with us, providing clear outputs and recommendations that helped develop the strategy for the coming year.”

With our highly diverse client list, we’re constantly innovating. We are busy working on the development of a Digital Journey Tracking Panel in partnership with our sister agency ICM Unlimited. This exciting work will allow us to track consumers’ real online journeys 24/7 and there is no doubt about the powerful insight this data will deliver to our clients.

Marketing moves forward relentlessly. Our position and ethos means we are always at the cutting edge. Which isn’t to say we aren’t friendly. As a 60-person agency located in Winchester, we pride ourselves on being approachable and personable. The fact that some of our clients have been with us 15 years or more suggests we are great to work with. Our programme of client training work-



interviewers equipped with Android tablets



client-side researchers have attended our training courses



24/7 digital journey tracking

shops has now seen more than 100 client-side researchers graduate from our School of Thought, with courses in Basic Research Essentials, Embracing Insight Innovation and How to Apply Consumer Neuroscience.

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Consumer neuroscience shows the difference between male and female responses



# Does home or away score best results for market researchers?

*Most outfits now realise the importance of good market research, but the question remains which is the best way to generate the best information?*

## ◆ IN-HOUSE OR OUT?

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● DAN MATTHEWS

Companies that act without first conducting research are playing a guessing game. Increasingly, however, these are few and far between. In part, their number is dropping because companies that bypass research tend to perform worse than the competition, but also because the barriers to useful research have become so incredibly low.

The real question today is not whether firms should ask questions of their customers to give them information about future product launches, marketing campaigns and operations, but what is the best way to generate this information.

A key consideration is whether you should outsource the process to a specialised and professional outfit or develop an in-house research capability. The option you pick depends on various factors including budget, the size of the organisation and its goals. But, regardless of these, there are general pros and cons that will always impact the decision.

A glaring benefit underpinning the argument for bringing research in-house is cost. For many businesses in the UK, cost effectively rules out the prospect of commissioning a dedicated third party to do the work for them.

Unless they have resources beyond their size, startups and small businesses will make do with free or cheap online tools, social media, surveys and competitions to gather the data they need. But even for larger businesses, creating a team of researchers is pound for pound cheaper than commissioning an agency.

Having your own team of data crunchers also gives organisations the luxury of constant assessment. You can schedule

**A key consideration is whether you should outsource the process to a specialised and professional outfit or develop an in-house research capability**

a calendar of research projects with total clarity of cost and research is “always on”, free from delays caused by negotiating fees and project parameters. It means, in theory, companies with their own teams can get more work done over time.

A third clear benefit is security. Non-disclosure agreements are all well



and good, but there is an innate additional risk of information leakage when organisations share it with outside parties.

The risk might be small and you might not need to share sensitive details in order to complete a project, but in a competitive data-driven environ-

ment, where brand distinctiveness and speed to market are important factors, security is a bigger consideration than ever before.

So there are opportunities to cut costs, drive up work volumes and keep cards close to your chest. But the deci-

sion to insource your research function is not without its own set of significant risks. The decision should not be made lightly.

One benefit of commissioning a firm is specialisation. Dedicated market research businesses procure the latest en-

## FIVE USEFUL TOOLS FOR IN-HOUSE RESEARCH

THINK WITH GOOGLE

**SURVEY MONKEY**

**QLIK DATAMARKET**

## POWERPROBE AND POWERCODE

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terprise-level tools, read all the books, attend all the events, are thought leaders and spend their working lives trying to outmanoeuvre the competition simply by being better. Can the same be said of your recruits?

Research teams do not have the same commercial and professional pressures. Once hired, they can ease off the accelerator and go with the corporate flow. The effect is unavoidable, and it could impact on the quality of research and insight you're getting.

Outsourced teams are free to focus on their specialism and they must constantly improve to impress new clients. As third parties, they are also free from internal office politics and inter-departmental fustycuffs.

It would be hard for internal teams to avoid bias on some level and the temptation to come up with the “right results” is ever present whether they act on the impulse or not. Market research companies are judged on their reputation for independent, untainted results and so they are incentivised to provide unsullied findings.

In the case of research conducted in person or over the phone, there is a risk that in-house teams will be defensive – consciously or unconsciously – to negative answers. Even the slightest hint of this would taint results. Respondents are also more likely to answer positively if they are talking to the company, rather than an independent set of researchers working on its behalf.

Bias is the tombstone of research and it is hard to cover up. Most people are proud of where they work and have seen first-hand the effort going into products and services. It is human nature to want to defend these efforts and a forgivable, if ruinous, instinct.

For those still battling with the in-out conundrum, there may be a happy medium in applying a combination of an internal team and hired guns. Depending on the organisation's priorities and appetite for research, it might be best to hire a dedicated team for day-to-day work and outsource the really big do-or-die projects.

Naturally, this third option throws up its own set of unanswered questions – which tasks go to who, what are the communications channels, who is ultimately responsible for all research? – but it offers a potentially lower cost base with the option to outsource when the avoidance of doubt is paramount.

Whatever route you choose, the same old rules apply – consider your options carefully, keep in mind your unique needs and resist the temptation to settle for half-measures.

# Learning to expect the unexpected in business

*Predictive analysis is a great way to extract trends from data, but some events are simply unpredictable*

◆ UNDERSTANDING ERRORS  
● CHARLES ORTON-JONES

It is called the Kate Middleton effect. The Duchess of Cambridge, as she is formally known, wears a fancy frock to a charity do. And bang – a chain reaction is set in play. A popular newspaper runs a spread on her outfit. Her adoring public rush to the shop, and buy up every size and colour. The shop’s website groans under the weight of traffic as frantic royalists search for the last remaining bit of stock. And then the poor data scientists at the retailer have to tell the boss why they didn’t see it coming.

The royal wardrobe stampede is a prime example of when data can’t help you. The existing numbers simply can’t forecast the rush. It is a “black swan” event, a term coined by statistician Nassim Nicholas Taleb for those unseeable, yet huge, events which occur periodically.



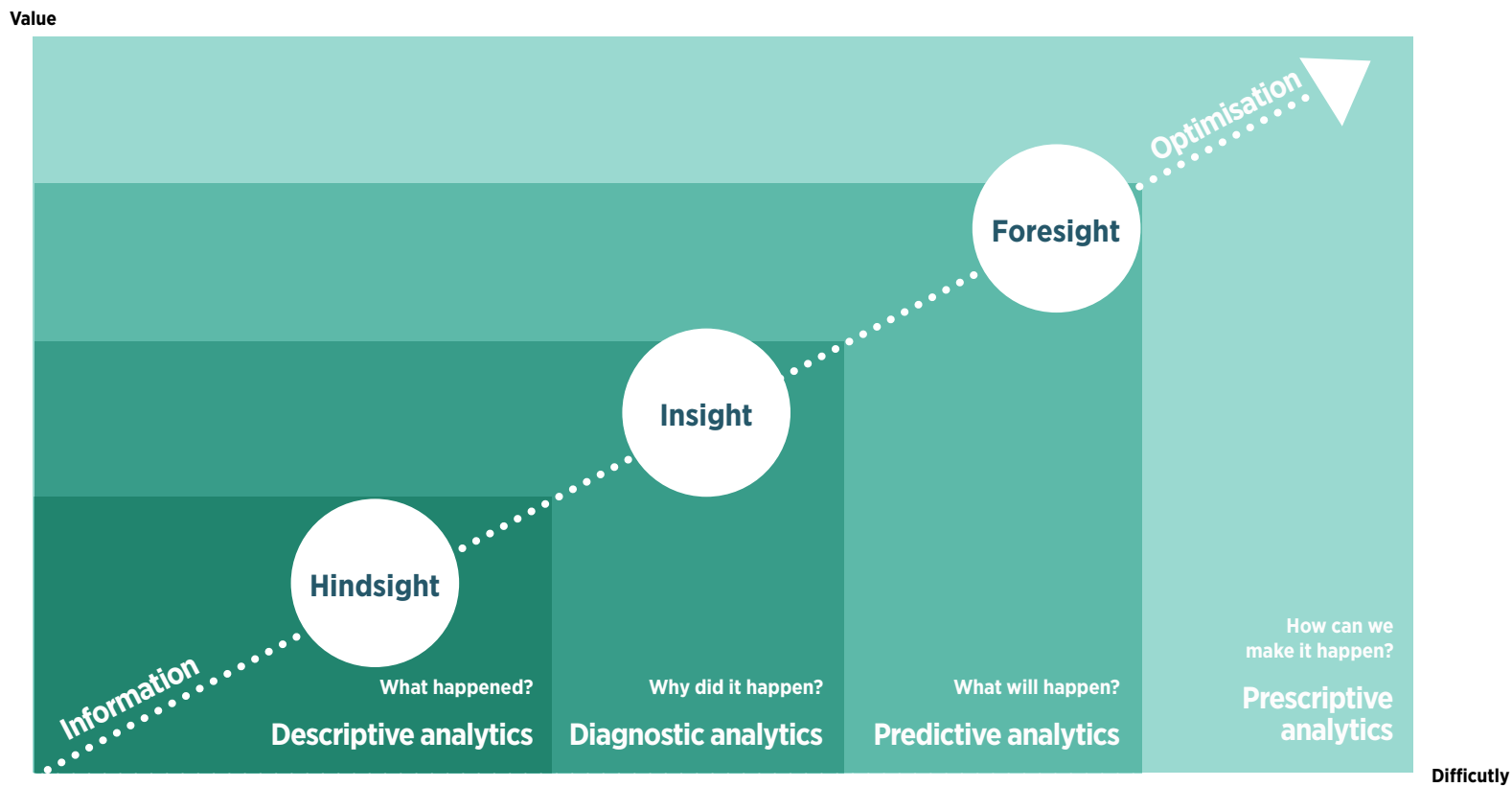
Unless you know why two things are linked, there will always be a risk that the link is coincidence

In fact, there are numerous situations which market research simply struggles to handle. To be a true master of market research you need to know these limitations.

Chaos theory is part of the equation. Some data sets are inherently volatile. Weather systems, for example. Super-computers can stretch forecasts out to five days, but after that the system is too chaotic to map.

False correlations are a constant headache for data scientists. Nils Mork-Ulnes, head of strategy at Beyond, a digital marketing agency for the likes of Google and Virgin, says: “It’s just as easy to reach spurious correlations as it is to find weird, unexpected behavioural links like Amazon did when its algorithm linked sales of adult nappies to those of *Call of Duty*.”

## MEASURING THE DIFFICULTY AND VALUE OF ANALYTICS



Source: Gartner

The Tylervigen.com website offers dozens of wonderful charts showing odd correlations. For example, the number of people who drown in swimming pools matches perfectly with the number of films Nicholas Cage stars in a year. Spooky? Er, no. The lesson is that unless you know why two things are linked, there will always be a risk that the link is coincidence. Big data is plagued by this phenomenon. Data scientists often boast they don’t even want to know why a link between two things exists. The prevalence of false correlations means they need a rethink.

Reliable market research needs big data volumes. Errors occur when researchers underestimate how much data they need. Eric Fergusson, director of retail services at data consultancy

eCommera, spends a lot of time advising clients on the shortcomings of their data research.

Mr Fergusson says A/B testing – of a hypothesis with two variants – is a bugbear. “We are all excited by A/B testing comparing e-mails or homepages. It’s great,” he says. “We are using data not hunches. But A/B testing requires large samples to get robust insights. E-commerce is affected by all sorts of things, such as stock promotion, availability and other things. Or you might have quite distinct groups of customers visiting.”

He warns that even a £10-million revenue business can get tripped up by flawed A/B testing: “If you are selling £500 orders then that isn’t very many visitors, so building up sufficient num-

bers can take weeks. During that time other things will distort your tests.”

There is a fabulous solution. “We ask clients to run A/A tests [where two variables are, in fact, exactly the same] to see at what point the results become standard. It gives you a view of the requisite sample size,” says Mr Fergusson.

Put simply, you run two identical campaigns – mailshots or homepages – and wait until the data in both samples becomes equal via the law of averages. Then you know how many visitors it takes to iron out all the anomalies. “Not many people do it, as they have a backlog of 20 ideas to test and new software to play with, so the research team doesn’t want to tell the chief executive they are testing the sample size – not exciting enough,” he says.

### ATTRIBUTES OF PREDICTIVE ANALYTICS

- Emphasis on prediction, rather than description, classification or clustering.
  - Rapid analysis measured in hours or days, rather than the stereotypical months of traditional data-mining.
  - Emphasis on the business relevance of the resulting insights - no ivory tower analyses.
  - Increasing emphasis on ease of use, thus making the tools accessible to business users.
- Source: Gartner



**1936**  
US: *The Literary Digest* poll saw Alf Landon securing 57% of the vote, but Franklin D. Roosevelt won in a landslide 61% vote

**1944**  
US: Thomas Dewey was expected to win by four points, according to a Gallup poll, only for Harry Truman to win with a five-point victory

**1992**  
UK: Nearly all polls predicted a hung parliament or Labour winning a small majority; however, the Tories came out on top by eight points



Another big danger is that the data is missing vital information. In the multi-channel shopping environment, in which consumers can buy online, in store, via mobile or using a catalogue and telephone service, retailers struggle to build a complete picture of their consumers.

Mr Fergusson is acutely aware of the damage this does: "If you retarget a consumer who has browsed on your website, how do you know whether they've gone into the store and bought the product there?" The solution is more data. "We are going to be seeing a lot more innovation around loyalty cards," he says. When loyalty cards work across all forms of shopping, or there is true omnichannel consumer tracking via debit and credit cards, then retailers will get a complete picture. Until then retailers lack a full picture of customer behaviour.

There's an old joke about an economist on his hands and knees under a street light looking for his keys. A police officer asks, "Where did you drop them?" The economist answers, "Down that dark alley, but the light is better here." Data scientists are often guilty of the same crime. They use the data they have to tell them what they want to know, instead of searching for truth impartially.

Chris Barrett, director at data analytics firm Concentra, says: "Unfortunately, we are highly susceptible to selection bias and will seek out trends which support our theories. Models are validated against historical data, often the same source data against which the model was developed, and the more data that is available, the greater the probability that a correlation can be found which supports a favoured theory. It is easy to build a model which perfectly predicts the past and thus reinforce the mistaken belief that correlation implies causation."



Not only is it important to quantify errors in prediction, it is also important to understand the nature of the error

Data can be unreliable. Hannah Campbell, operations director at sampling and research agency The Work Perk, says: "Consumers don't always act the way they say they will, so although quantitative research is essential for making marketing predictions, based on behavioural analysis, growth trends, sales history and so on, it can lack depth if it is not paired with qualitative data."

Data may fail to tell you what you want to know. Ms Campbell warns: "Data can provide an in-depth picture of sales for a toothpaste brand, but it doesn't indicate whether or not consumers are buying into the brand's philosophy, their opinion on the price point or their motivations for purchasing that particular product."

Ultimately, there will be some issues

### A/B COMPARED WITH A/A TESTING

#### A/B TESTING

In terms of website conversion optimisation, A/B testing is used to find out if changes to one specific variable can improve click through. A/B testing gives websites the chance to make more out of their existing traffic, validating new design changes and increasing conversions.

#### A/A TESTING

A/A testing is used to test your A/B test, where variation A is identical to variation B. The rationale is to validate your test set-up by finding that each variant gives the same performance. However, if A/A test results show significant differences, then the testing software could be broken.

Source: BP Statistical Review of World Energy, June 2015



which are non-numeric by nature. Should you buy a Labrador puppy? Is eating whale meat morally justifiable? Is assisted dying a human right? Numbers skirt around the issue. They will never resolve these questions.

In order to do solid market research, it is important to understand all these limitations.

Ted Dunning, chief application architect at MapR Technologies, concludes: "Not only is it important to quantify errors in prediction, it is also important to understand the nature of the error. For instance, we might be certain that it will rain two days from now, but be uncertain of just when. That could look like 100 per cent uncertainty in whether it will rain at any particular time, but just saying that leaves out much of what we do know."

"Realistically estimating what we do not know greatly increases the practical value of what we do know."



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# "I wouldn't join a market research focus group for love nor money...

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