

# Pointofview



## **Trends and Challenges of the Market Research Industry – Outlook for 2020**

Dezember 2013



NOBODY'S UNPREDICTABLE

## Trends and Challenges of the Market Research Industry – Outlook for 2020

1) The market research industry faces new challenges as a result of technological and social change. What, in your opinion, are the main trends - risks and opportunities - in the market research industry? What direction is it going in - keyword: Market research in 2020?

**Ralf Ganzenmüller:** I anticipate that by 2020, half of what the industry does today will no longer exist, and the speed of this evolutionary process is increasing each year. "Big data" has a good chance of becoming the market research industry's term of the year here. According to calculations made by the storage specialist, EMC, 2.8 zettabytes of data were generated worldwide in 2012. A zettabyte has 21 zeros. The experts predict that by 2020 it will be 40 zettabytes. At the moment, our industry doesn't really have the technology to filter out the valuable information from this "big data" for the customer. IBM, Google, SAP & co. are standing by with software packages to do this. But is data structured in this way really of benefit to the customer? Supplying data that really is relevant and to put it in the right context will always be a theme for market researchers, i.e. incorporating additional data in the analysis, such as structural data, trends, economic variables, advertising expenditure and even blog statements, etc. And in this connection, the topic of (brand) consultancy is becoming ever more important.

2) To what extent have your customers' requirements changed? What do brand name manufacturers expect from market research companies today (keyword: analysis, interpretation, recommendations for action, etc.)? What surveys/themes are in greatest demand?

**Ralf Ganzenmüller:** The research cycles are becoming ever shorter and more global. Customers need results faster. And institutions are required to have higher levels of availability; customers often expect us to be on hand 24/7. We also need to better correlate data; for instance, putting surveys into context with secondary material or even customer data. Ideally, speed and context then give rise to relevance. Against the backdrop of constantly increasing budget pressure and the growing power enjoyed by professional purchasing departments, market research must prove its ROI worth more than ever. This is only possible through relevance. Relevance for decision making by the (top) management, which requires simplification; that is, limiting information to just the bare essentials, the real insight. What management board has the time and/or inclination to look through a 120 page market research report?

Another very important aspect emanates from research in the new media, keyword Web 2.0. Researchers are increasingly becoming consultants here. When we carry out a social media survey for a customer today, he often wants us to derive a social media strategy from it due to lack of expertise in-house. So we're increasingly becoming brand consultants.

Big data, social media, netnography... this all has to do with technological progress. In this regard, I think that in future we will be monitoring and measuring many things that are still polled today. For instance, in ten years time, I don't expect that people will still be asked what they listened to yesterday on the radio. A mobile device that is permanently with someone is already much better suited for collecting this information. But the big technical trend is more likely to be in the area of CRM, EFM and resultant business analytics / big data... this is where the risks and opportunities of today and tomorrow for the market research industry lie.

3) A shift towards digitisation is looming in the market research industry. What advantages - and even disadvantages - do you see in online market research? How does it look in terms of analysis options? What does the shift towards online mean for the traditional data collection practices? Will the web eventually make classic market research obsolete, due to it being faster, more convenient and cheaper?

**Sandro Kaulartz:** Our culture is being shaped by increasing digitisation and mobilisation. The resulting dynamics have a direct influence on our daily lives, our information gathering and our consumption behaviour. This development does not mean that digital research should now be seen as a substitute for traditional market research, but rather as a necessary instrument for accurately and objectively researching this virtual normality that's already with us. Online market research and the associated technologies open up many new angles for market researchers, which mean we can measure behaviour more accurately, need to ask fewer questions and can research consumers in more detail.

A shift away from the traditional methods was already underway at the turn of the millennium. Established practices of traditional survey research are still the foundation of market research and are indispensable. The market research industry as a whole must nevertheless adjust to the fact that the approach taken must be more closely aligned to the consumer. What counts in the end is using the right method to ask the right question at the right time and place.

4) Communication with consumers is nowadays taking place directly between companies and their target audience in online communities. Companies, agencies and consulting firms use this tool to gather data about consumer behaviour. This means they are increasingly becoming competitors of the market research industry. What is your assessment of this development? Is the market research industry running the risk of losing its role in the data collection and processing business? Or does this just result in the accumulation of a tremendous amount of data without it being systematically interpreted?

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**Sandro Kaulartz:** Brand communities, which are created by agencies or the brands themselves, are mostly following brand-strategic objectives and serve as a tool for conversational marketing, brand loyalty and increasing the emotional appeal of the brand within the consumer community. These brand advocate platforms are in the public arena and are not, as a rule, suitable as an analysis base for market research. But the market research industry takes a similar approach to the utilization of research communities, just with a different objective.

As part of the process, qualitative & quantitative methods are complemented with social media functionality thereby adding value to the market research through continuous interaction between the consumers. The market research industry often gets involved at a very early stage of the innovation process. The consumer becomes an integral part of the concept development process, providing the initial impetus and accompanying the idea through continuous feedback loops up to the final marketing concept. This approach obviously requires closed environments, and branding with an association to the brand itself is often avoided.

Although in practice we definitely notice certain overlaps - such as co-creation - we don't think our business will change as a result of branded communities. Reliable sampling structures and methodological expertise will still be considered essential for supporting strategic decisions through market research.

5) How must the market research industry react in order to competently support companies with the collection, analysis and interpretation of information? Is the market research industry tending towards becoming a highly specialised supplier of data or a premium provider of strategically important insights?

**Ralf Ganzenmüller:** At the height of the global economic crisis in 2009, you would often read that we should learn from the Chinese, as they use the same character for crisis and opportunity. That's not true! There are two different words for this in Chinese (危机 and 机会), in which the same character (机) is a component. And this is sort of how one must answer this question too: The nightmare of the market research industry, big data, and the unknown new discipline of business analytics... These aren't risks at all but rather opportunities on the way to the market researcher's dream of the transparent consumer. You just have to recognise and accept it, and adjust oneself and one's staff accordingly. This applies, of course, but only subject to the dictate of relevance and simplification.

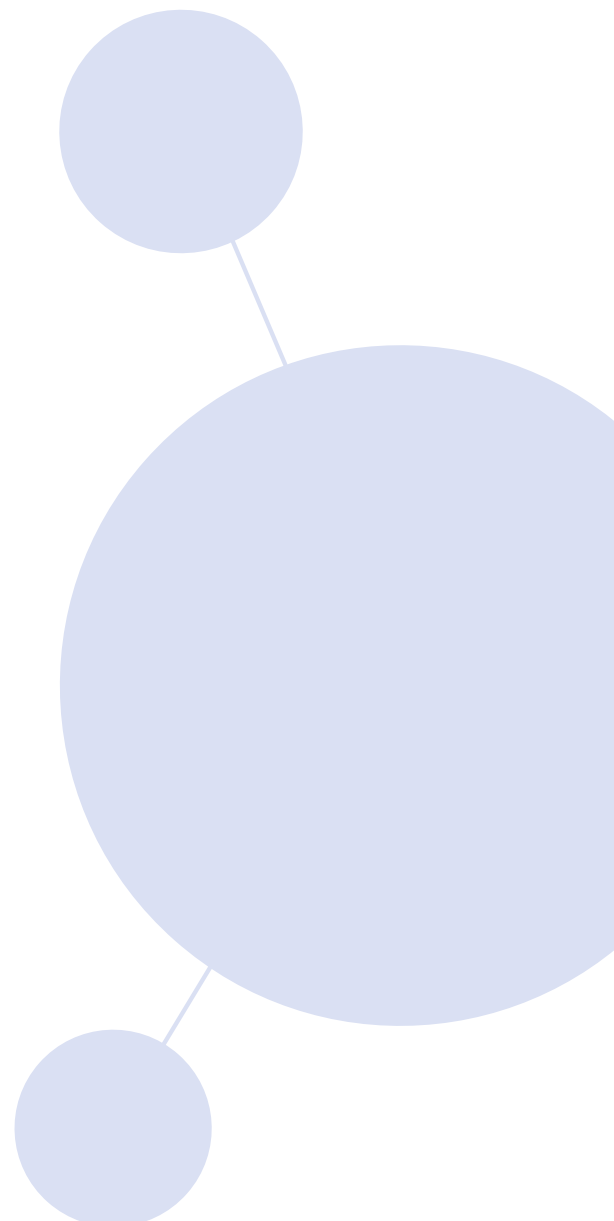
### Ralf Ganzenmüller

Ralf was appointed as Global CEO of Ipsos Loyalty in April 2013. Prior to this, he was the CEO of Ipsos Germany, a position he held since joining Ipsos in 2007. Holding an MBA, Ralf has an experience of almost 20 years in the market research industry, both on the researcher and the client side.

Previous to Ipsos, he was CEO of GfK Sverige AB in Lund, Sweden, for five years and before that, Director of the Hamburg office of IRI/GfK Retail Services, in charge of servicing and consulting on Northern German key accounts.

### Sandro Kaulartz

Sandro is head of Research Innovation & Applied Technology at Ipsos. The economist is involved with the integration of social media research methods into traditional research approaches.



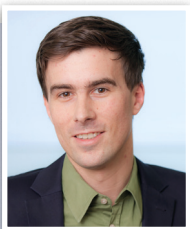
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