5 trends shaping customer insights

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The market research industry is experiencing a period of tumultuous evolution thanks to innovations in technology and consumer lifestyle. This presents a number of opportunities and challenges for insight professionals. Our ability to rise to these new challenges and take advantage of the opportunities before us will largely determine who is left to define marketing research.

Marketing decisions based on intuition rather than customer insight data

On average marketers rely on data for only 11 percent of all customer-related decisions. (This often-quoted percentage is based on a study conducted by the Executive Board and posted in 2012 on the Harvard Business Review blog network.) Instead of basing decisions on data, marketers more often rely on previous experiences, intuition, one-off customer interactions and conversations with managers and colleagues. Why? Many marketers struggle with statistics, are overwhelmed by data or find that reliable data-based insights are not available when needed.

In spite of this love-hate relationship with data, the customer insight market has continued to grow, even during the recession. But we also see the number of traditional customer insights providers (market research) declining while the cadre of "new" providers is growing. At one end of the new provider spectrum we have Google (which is now offering market research and analytics services), the social media crunchers, the text analytics gurus and the IT tool developers who are providing new and innovative solutions. At the other end we find consulting stalwarts like McKinsey, Boston Consulting Group and Bain and Company claiming a bigger piece of the pie. While they do not provide data, they do provide answers regarding higher-order goals.

Both types of new MR providers are expanding the array of MR solutions for a more diverse group of users. They are effectively changing the standards for MR insight deliverables, introducing new ways to provide insights and changing the mode of interacting with clients. We will explore five emerging MR industry trends that are shaping the future of marketing research *today*.

1. The need for speed: instant insights, solid solutions

The need for speed is genuine and ever-present in our professional and private lives. In business, branding communication has evolved from a one-way monologue to an interactive, two-way conversation. To really interact with customers the brand team has to respond directly and immediately to what customers are saying. Consequently, the brand team needs instant access to quality customer insights. This changing interaction between the brand and the customer is a typical driver of the need for speed – not only in communication but also in product development, portfolio management and pricing.

Five years ago a message-testing project could be executed over a luxurious six-week period. Then it was reduced to four weeks and now it's six days or less. Marketers have to act and react fast. Even for more complex product profile research requiring menu-based conjoint or forecasting studies, time frames are cut in half or less. Thankfully, it is possible to reduce delivery times from six weeks to six days or less without jeopardizing the validity of the solutions offered. On balance it seems that more value can be offered in less time. That said, there are three key drivers to achieving success within this highly compressed deliverable time frame:

• Mutual trust is a must. You have to trust that the issue raised is the real issue and the client is sharing the full story. Likewise,

the client has to trust that the insight specialist can provide the right answers and that the tools and methodologies are correct and flawless. Valuable time is lost when the client wants to confirm and control before moving on to the next step.

• Agencies must be nimble and processes streamlined. This includes fully automating the control and processing of data. It is paramount that the client solutions manager analyzing the issues and suggesting the tools knows the application and the limitations of the tools inside and out. MR organizations must be capable of standardizing and automating how data from each tool is processed and analyzed. That doesn't mean standardizing which tools you use – that depends on the nature of the business issue – but rather standardizing how you use those tools and fully automating that process. Within two days of fielding the data is available and the primary analysis is done. That leaves two days for interpretation and preparation of the message, which is summarized in three to five slides. Remember: You should deliver answers, not data. After, if a client wants to peek under the hood, the data is available but bear in mind that marketing decisions are normally not based on seeing the data.

• Even when the processes are fully automated, programming and outcomes should be cross-checked (e.g., comparing open-ended responses with the outcomes of standardized tools). This takes time, which can be gained by making use of globally-dispersed colleagues in different time zones or regions around the world working sequentially on the same project. This requires that tools and processes are standardized and colleagues around the globe listen to and understand one another.

2. Intertwined streams of information: big data

Insights are and always have been shaped and reshaped based on various streams of information. On the one hand we have the streams of information derived from various business processes such as sales, production, prescriptions or pharmacy volume changes. In business terms this is what we call reality. On the other hand we have market simulations based on: choice experiments; observations during interviews; interaction and feedback from communities on the Internet; and automatic recordings of traffic on the Internet or in a retail outlet. All these experiments and observations reflect a virtual reality. Streams of information from reality and virtual reality are intertwined, yielding an insight that is not derived from a single source. You do not know if an insight reflects reality or virtual reality. Insights evolve over time, because the streams of information keep on flowing. And real-life experiments can be conducted through real transactions and interactions. For example, an online shopper can be rerouted to a test site that is an adapted version of the real site. The difference between reality and virtual reality is blurring as even virtual reality insight generation moves closer to the primary business process. At the same time, interpreting the various flows of information is becoming more complex. While the volume of data may be growing, it says nothing about the robustness of the data. Added volume and questionable value puts an extra burden on insight specialists.

3. The new 5x5 reality

Today's consumer is willing to interact spontaneously during an interview for no longer than five minutes. Face-to-face communication is being replaced by communication via FaceTime, Skype or Hang-

outs. And most will interact via a five-inch screen (the smartphone), hence the new 5x5 reality. On the bright side, researchers get real-time, location- and context-specific information from respondents. Future marketing models will be loaded with a string of rich information snippets that require advanced methodologies but generate almost real-time and enriched insights. As a consequence of the 5x5 reality, traditional long-form interviews will be segmented and doled out over time. It will still be one assignment but executed in different steps, building upon what we learn from one step to the next.

4. Bridging the rational and emotional truth

The decisions and choices customers make are a consequence of both rational and irrational drivers of behavior and choice processes. Rational behavior has been very well captured in marketing models. Although these models will be adapted to reflect the new 5x5 reality, the change will not be fundamental. The models still reflect rational and context-specific drivers of behavior. The real and continuing challenge is to integrate irrational drivers into the rational models used to mimic and predict real behavior. Irrational is a mix of emotional, contextual and undefined drivers and triggers that often do not fit our rational models. New observation and recording techniques enable us to capture emotional reactions and the impact of irrational drivers. As such, they bridge the rational and emotional truth of behavior. Capturing emotional reactions will be standard in the future so we can better understand the decisions and choices people make. However, that is still a long way off. Current behavioral economics theory and models are still in the nascent stages of development.

The last three drivers – the intertwined streams of information, the 5x5 reality and bridging the emotional and rational truth – are most relevant from a methodological perspective. Within these three, there is room for new tools and solutions. In particular, we could use a quantum leap in bridging the rational and emotional truth.

5. A broader skill set is required for insights specialists

On the client side, one can already see that the insights specialist has been repositioned as part of the marketing, brand or product team. She will be a networker operating from within the team. On this team she is the inspirer, the consumer insights conscience and the juror. With multiple specialists on these teams, it can become an internal battlefield. To fulfill the role of inspirer, conscience and juror it is essential that the consumer insights specialist be capable of analyzing, understanding and dealing with a variety of strategic and political business issues, often at a higher strategic level. This means other skills and capabilities are required to complement traditional capabilities. Activities related to traditional insight-generation processes will be deprioritized and will be outsourced to the insight providers.

Likewise, client solutions managers on the provider side must adapt to meet new expectations. The key is to clearly answer business questions, which means the client solution manager must identify the real business issue and identify how the issue will be solved. Insight generation processes and tools will be fully automated, the way we collect insights will align with the 5x5 reality and we will execute a string of smaller studies. Speed will become a prerequisite, not a differentiator. ⦿