

THE UPSIDE OF THE DOWNTURN

ONLINE RESEARCH AGENCY
VIRTUAL SURVEYS ASKED
SOME OF ITS PAST, PRESENT
AND PROSPECTIVE CLIENTS
FOR THEIR VIEWS AND
FEELINGS ON RESEARCH IN
THE RECESSION. HERE THEY
REVEAL WHAT THEY FOUND

This recession is like no other. That, unfortunately, is about the only thing we can be sure of. Research agencies keen to dodge the pitfalls and grasp the opportunities of the downturn are anxious to know what their clients are really feeling, what's foremost on their minds, and what they can do to help.

UK online research agency Virtual Surveys asked some of its clients just that, and here's what they found.

HOW LONG DO YOU THINK THIS RECESSION WILL LAST?

Eighty-four per cent expect the recession to last a year or more.

There is a large amount of agreement among the respondents about how long the recession will last – 70% said one to two years. The survey included an option to say, 'I don't think there is a downturn.' Nobody picked it.

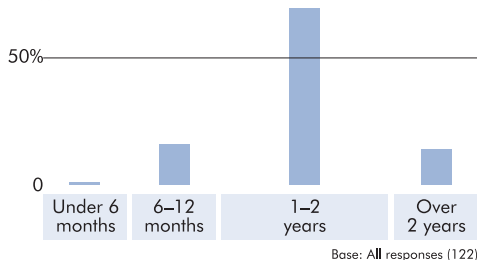
Importantly, 80% of the buyers think the downturn will last through at least one company budget cycle – meaning there will be more than one chance to review spending. That is one reason this recession could play out differently for the industry than past ones.

HOW WILL 2009 SPENDING COMPARE WITH 2008?

Half of buyers expect to spend less on research in 2009 than in 2008 – but 15% will spend more.

The answers about buyers' plans for 2009 show that the downturn isn't affecting everyone in the same way. About half the people surveyed said that they thought they would be spending less on research in 2009 than in 2008, while the rest expected to spend the same or more. Given

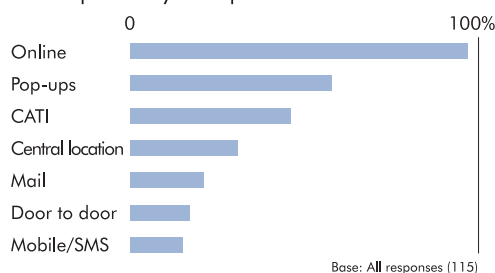
1 How long will the current economic downturn last?



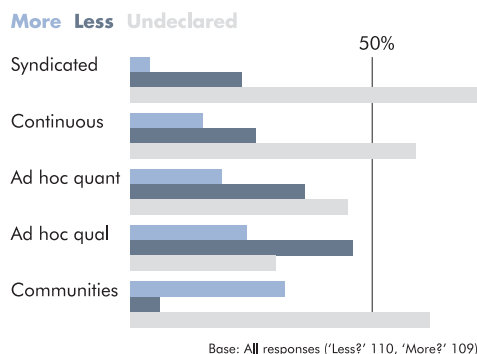
2 Do you think your total research spend in 2009 will be higher or lower than in 2008?



3 In 2009 which of these data collection techniques do you expect to use?



4 In 2009 which techniques will you spend more and less on?



the weakness of the economy in 2009, there could be some great opportunities for those research buyers able to maintain or expand their budget in 2009.

HOW WILL YOU COLLECT YOUR DATA IN 2009?

Traditional methods are holding up despite competition from newer, cheaper techniques.

There can be a perception that more traditional techniques such as central location and mail questionnaires have largely disappeared. The responses we received show that the real picture isn't so simple.

Figures for online and website pop-ups were very high (not surprisingly since Virtual Surveys specialises in online and website research).

The results (which show the proportion who are planning to use the different modalities in 2009, although not the relative volumes of spending) show that door-to-door, central location, and mail remain important to some research buyers. These modalities may be smaller than they were ten years ago, but they remain relevant for some projects and some clients.

The figure of 15% for mobile/SMS is particularly interesting. Using mobile phones as a data collection medium seems to have been the 'coming thing' for several years. The reasons are obvious: mobiles are personal, have massive penetration and are increasingly powerful. However, to date, most mobile phone-based data collection options have not been able to address the big issues such as ad tracking, customer satisfaction, concept testing and U&A. Mobile will eventually be the new online, but not in 2009.

THE SURVEY METHODOLOGY

When considering these results we must keep in mind the nature of the population for this study, which is the list of research buyers who are in contact with Virtual Surveys in the UK. The context for the survey invitation was an upcoming seminar on new techniques such as online communities, so we can assume

that those who took the time to fill in the survey were more at the 'early adopter' end of the research-buying spectrum. **Fieldwork:** 6 to 13 March 2009. Client seminar was held on 12 March. **Population size:** 645. Includes more than one person from the same company in some cases.

Starts: 122. Questions were not forced, all responses were used. **Response rate:** 19%, based on all data included in the analysis. **Completes:** 104. This does not mean each respondent answered every question, but it does imply they reached the last page and pressed Submit. **Completion rate:** 85%

PUNDITS TEND TO HIGHLIGHT REASONS WHY RESEARCH IS LESS AFFECTED BY A RECESSION THAN OTHER INDUSTRIES. BUT BECAUSE PEOPLE EXPECT THIS ONE TO LAST MORE THAN ONE COMPANY BUDGET CYCLE, THERE IS SCOPE TO CUT BUDGETS FURTHER AND CHANGE CONTRACTS

WHAT ARE YOU GOING TO SPEND YOUR MONEY ON?

Spending is expected to fall in most areas of research – but not online communities.

When pundits discuss the impact of a recession on market research they tend to highlight three views:

Market research is affected less by a recession than other industries, usually because we are necessary to people looking to maximise value, and because spend on market research is so small it has little impact on the big savings that companies need.

Secondly, syndicated is affected less than ad hoc because ongoing contracts are in place, and services like Nielsen's sales data are necessary to manage brands.

Finally, continuous research tends to be less impacted because contracts are in place, buyers are reluctant to lose the continuity of their data, and many tracking studies are linked to payment and bonus schemes, so the data is needed.

However, there are indications that this time might be different. Because people expect the recession to last more than one company budget cycle, there is scope to cut budgets further and to change contracts. In an interview in the March issue of *Research* (tinyurl.com/casro060209), Andy Morrison, chairman of US research organisation Casro, reports that many companies are trimming their continuous and syndicated research programmes, for example by reducing the sample sizes for tracking studies.

The views expressed in our survey show that some clients are planning to reduce their spend on the key categories, with 23% planning to spend less on syndicated and 26% spending less on continuous research, which supports the view of the Casro chairman.



The relationship between ad hoc and continuous persists – the planned reductions in ad hoc are larger than those for syndicated and continuous; 36% for quant and 46% for qual.

But the news for ad hoc is not all bad. While some are planning cuts, 19% and 24% of agencies expect to spend more on ad hoc qual and quant in 2009.

A third of research buyers said they expected to spend more on online research communities in 2009. This, of course, has a lot to do with the kind of people Virtual Surveys is in touch with, but we think it probably also reflects that online research communities are the key new technique of the moment.

We should also note that those who did not say they were increasing or decreasing their spend might have no current spend in this category at all.

CAPTURING THE ZEITGEIST Quality remains at the fore, while 'Web 2.0' begins to lose its meaning.

In the wider world, the spirit of the times appears to be changing from one of greed to one of retribution and fear. Our survey looked at whether the Zeitgeist in market research is also changing by asking buyers to rate the words or phrases they think will be important in 2009.

The most important term was 'quality'. This may be because there tends to be a flight to quality in times of trouble as people become more risk-averse, combined with the fact that a number of voices have recently been questioning the quality of some online panels.

The least salient term was 'Web 2.0', which was one of the hottest terms in 2008. This could be because many of the 2.0 ideas (engagement, innovation, collaboration) have become mainstream. The data suggests that the term 2.0 is becoming out of date and should be dropped.

On the face of it, 'representativity' looks to be relatively unimportant, but while some buyers rated it at the bottom of the scale others gave it a score of 8, 9 or 10. The message for agencies is that different clients have different needs. Indeed, the same client will have different needs on different occasions.

Given that all agencies should understand the need for quality, the most actionable findings from this question are the need to promote engagement and innovation.

SURVEY VERBATIMS

THE VERBATIMS: WHEN TIMES ARE TOUGH, WHAT DO CLIENTS WANT FROM THEIR AGENCIES?



The final question on the survey was open-ended: What can agencies do to help in these troubled times? Analysis of the verbatims found that responses could be divided into five key messages, each with some degree of overlap:

EXCITING NEW IDEAS

“Coming to us with exciting new ideas. Telling us about trends and techniques that we might not be aware of”

“Finding new ways to survey students using social networking sites, other innovative ideas”

“Keeping us up to date with the latest technological developments”

“Insight tidbits you have learned that we can share with colleagues. It keeps you in our minds and makes sure we value the knowledge you have when thinking about agencies to use”

“Seminars, providing new and exciting methods of research and helping with output and implementation of research within the business”

ADDING VALUE

“Adding more value to projects (desk research, commissioning their own ad hoc research on popular topics to add extra insight)”

“Go beyond reportage of stats, and add value to the data. Think more about quality and actionability of deliverables than volume of output. Consider other disciplines and approaches that might help solve client problems”

“To quantify how we can get more for our money – what you are doing to do to increase the return on our investment. Identify new or old ways to tap into consumers in a depressed economy”

“Gaining more insight from existing data,

pushing the data/analysis harder”

“Be more commercially minded about their clients’ business issues and look for the financial implications of their findings/insights. Understand that their info/data is just one source and proactively seek out how it fits into the overall jigsaw of other data sources we use. Do their own research/buy trend data so can say if a study’s results fit with those or contradict them”

OUTSIDE THE BOX, INSIDE THE BUDGET

Many clients highlighted the need to be innovative and cost-conscious at the same time.

“Think outside of the box and inside the budget”

“Finding innovative ways to deliver relevant research activity at less cost – potentially through brokering non-competitive or even competitive collaborations”

“Providing practical ways of conducting the same research more cost effectively”

“Provide the best value for money. Find new ways of doing things which could be more cost-effective e.g. develop different online techniques to reduce questionnaire time”

“Thinking of clever ways to stretch our research budgets/add value”

REDUCING COSTS

“Reducing costs – plain and simple. Please don’t underestimate how important this is”

“Tailoring realistic priced services. We have to do more with less right now”

“Low-cost solutions, and for our type of organisation looking at how we can mix our methodology between in-house and external commissioning within the same

project, to ensure we do as much as possible in-house as we can to keep costs down”

“Lower prices. Break down cost proposals into optional elements e.g. recruitment, field, tab, executive analysis, report writing”

“Cut costs and increase collaboration – we are all in the same situation”

GETTING CLOSER

In terms of adding insight and cutting costs, many buyers commented on the need for agencies to get closer to clients and to understand their business better.

“What I want is value-add – something I can’t get just by buying a standard qual or quant project. Trouble is, you won’t be able to give me that without getting to know us really well”

“Working closely so they can suggest cost- and time-effective ways of obtaining required information”

“Understanding our business; challenging assumptions; keeping things simple”

“We are looking to work side by side with agencies on projects in 2009 – doing a lot more of the work in-house with agency support rather than agencies running full service research”

“Understand the client’s business; proactively recommend new ways of doing things – if they’re better/cheaper/faster”

