Reconstructing Market Research for the 21st Century

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Reconstructing Market Research for the 21st Century by Peter Hutton, managing director, BrandEnergy Research UK

The way we think about and do research has been shaped largely by management concepts that prevailed at the time different strands of our industry developed. But business thinking has moved on. Market research needs to reconstruct itself so it can continue to thrive in the 21st century.

The market research industry has shown almost continual growth over the last 40 years. In the search for information to help decision making, companies have embraced not only market research but customer satisfaction, employee and corporate reputation surveys. But rarely have these been commissioned together or joined up to create an integrated picture.

Despite the balanced scorecard concept, most companies are still functionalised and research is typically commissioned to reflect that model.Â For example, customer satisfaction research will focus on understanding how to improve customer satisfaction while an employee survey will focus on improving staff motivation and engagement. In addition, these different types of research were never designed to be joined up â€“ each emerged at different times with quite different intellectual roots.

Research roots
The roots of market research lie in the US polling industry of the 1930s and George Gallupâ€™s success in predicting the 1936 Presidential Election result by capturing the voting intentions of a representative cross section of the public. As market research developed, it began more and more to relate to ideas about consumersâ€™ behaviours and perceptions. Many such ideas prevailed in the 1950s and 60s and they feed a business model that defines success in terms of selling more to consumers. They are also based on a simple model whereas the reality is far more complex â€“ today, every brand has many different messages being communicated through many different touch points.

Customer satisfaction research had its roots not in market research but in consultancy (Bain and Company) and the Total Quality Movement in the 1980s and defines success in terms of satisfying existing customers. It brought with it a strong adherence to the idea that management is essentially about measurement and control with the consequence that the focus was often too much on internal processes that can be controlled rather than external customer needs and preferences that cannot.

Where did employee opinion surveys originate? They grew out of organisational psychology in the US and were first introduced in Britain by Bob Worcester of MORI in 1969. They grew particularly in the 1980s with the consultancy view that â€˜what gets measured gets managedâ€™. Typically these surveys consist of just measuring attitudes using a four- or five-point agree/disagree scale. Rarely do they measure behaviours, motivations, knowledge or opinions. Business performance and the internal brand should be at the centre of thinking on such research which is rarely the case.

Corporate reputation research is typically commissioned by the corporate communications function. Its roots are thought to be in US public relations of the 1970s with success being defined in terms of a strong and positive corporate reputation. Such research often misses a fundamental point â€“ that reputation is not generally driven by the corporate communications function but by what the business does and how it does it. This is very clear when the core business falters â€“ for example Marks & Spencer in the late 1990s. Such fundamental issues had to be addressed by the business itself. Corporate communicationsâ€™ role would be to help in getting the solutions recognised but not to advise that the business was in self destruct mode.

New reality
Business in the 21st century faces a different reality. Developed economies have shifted from being predominantly based on the trading of tangible, manufactured goods to the provision of intangible services, particularly when you include the public sector. Increasingly business thinking has evolved to recognise this. Indeed, most of the leading edge business thinking over the last 30 or so years could be said to be about understanding the nature of how the intangible aspects of businesses work and how to make them work better.

This movement has been reflected in an increasing focus on creating value rather than generating profit, finding ways of measuring the intangibles that define and drive this value creation and in taking a holistic look at the business and all the factors that contribute towards its success.
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However, the research industry has largely failed to respond to these changes. Research has become increasingly process-driven and continues to operate in silos defined by the different practice areas that have been institutionalised in the large agency divisions and specialist agency practices.Â Consequently it is impossible to link up marketing, customer

satisfaction, employee and corporate reputation research to provide (a) an integrated view of the way the brand and the business work as a whole to create value and (b) research that relates effectively to modern business thinking.Â
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In order to reconstruct itself for the 21st century, market research needs to grasp the big ideas that lie at the heart of business success and apply the questioning tools of our industry to a new task of mapping how these big ideas work in practice. This means the industry has to move away from its roots and define a radical new starting point. We have to think about research in a way that enables the barriers to be broken down between the traditional silos that define the research industry and provide information that can feed an integrated model of the business.

This integrated model means the distinction between different types of research â€“ marketing, employee, customer satisfaction and corporate reputation â€“ start to dissolve. Joined up research is not about asking the same questions of different stakeholders and then putting the results together on a PowerPoint chart.

It is about a different starting point â€“ you assume things are joined up and then set about understanding how this manifests itself in practice. It also means embracing the core thinking of the business â€“ its vision, mission and values â€“ and working through what research is required to support their realisation.

Such an approach would provide not just a joined up picture of how a brand works across the whole stakeholder system, but would connect to the businessâ€™s core proposition and values and helps it connect better with all its stakeholders in a systematic way.

Market research needs to shake off its focus on the customer and its old paradigms and use the concept of value creation for all stakeholders to reconstruct market research so it can continue to thrive in the 21st century.

Note:
This article is a summary of a paper presented by Peter Hutton at the ESOMAR Congress 2006 â€˜Foresight â€“ The Predictive Power of Researchâ€™ in London (17-20 September at the QEII Conference Centre). ESOMAR is the world organisation for enabling better research into markets, consumers and societies and has 4000 members in 100 countries. Peter Hutton is the managing director of BrandEnergy Research UK, a leading research and brand development consultancy which specialises in helping organisations understand what energizes their brands internally and externally and the key issues they need to address.

For further information on ESOMAR and the 2006 Congress see www.esomar.org and on BrandEnergy Research see www.brandenergyresearch.co.uk