

A STUDY ON TRENDS IN THE CONSULTING AND MARKET RESEARCH INDUSTRIES
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Combining **secondary research** findings with **qualitative work based on 14 one-on-one interviews** with marketing executives, the objective of this study was to obtain a clear understanding of the current consulting and market research landscapes, including the competitive environment, clients' current needs and expectations, and industry trends. The executive summary below presents the main findings.

The **consulting industry is increasingly fragmented**, with about 90% of firms employing one to nine people. The barriers to entry are very low and the **industry is likely to remain in high demand** as consumer segments are also fragmenting and communication channels are multiplying, creating an exciting but challenging environment for clients to navigate.

In the current environment, many marketing firms are expanding their offerings to better satisfy clients' needs. While this is seemingly positive, it also creates confusion around the roles and capabilities of a brand consultant vs. a market researcher, vs. an ad agency, for instance. In other words, **the boundaries to the category continue to blur at a fast pace.**

Unsurprisingly, the major trends currently affecting the category are affected by or revolve around the use of **technology**.

- **Competition is everywhere:** the Internet has democratized the landscape allowing nearly everyone to be a researcher. Whether consumer insights are derived from an internal database layering process, or are provided on an on-going basis by boutiques specializing in data mining and sorting, sources of real-time and behavioral consumer information are exponentially increasing and constantly streaming into the system, forcing researchers to reassess their approach and review their methods and sales pitch along the way.
- The pie is still large! : despite intelligent software however, **most companies are still drowning in data** and are not able to utilize it to its full potential or even prioritize it. In this context, both marketing consultants and researchers have **an opportunity to add value** as long as they demonstrate a return on investment.
- The dynamics behind research methodologies and consumer insights are naturally changing, reflecting a trend of **passive measurement: less asking, more listening**. Despite greater opportunities offered by new technologies, the market research industry must

quickly adapt to avoid being leap-frogged by highly specialized and more flexible digital shops. In addition, while traditional **research methods** continue to be used and trusted, these **need to be exploratory and more versatile** in their approach in order to better understand and cater to consumers' unique needs.

- On the client side, the explosion of potential marketing channels triggered by an array of new digital tools leads to an **increasingly complex marketing mix**. This increases the need for consultants' assistance in **aligning the brand promise with the strategic implementation**.

In fact, we seem to be entering a new phase in clients' expectations: previously only answering the 'What' of a brand (reporting the health of a brand), then the 'Why' (& why not), consultants are now being asked to **provide the 'How'**: how to develop a brand and move it forward. Clients are requesting consultants to be more **involved in the implementation** phase of a project, **providing end-to-end business solutions**.

From researchers on the other hand, they are requesting a **triangulation of results** where information must be integrated across a wider variety of platforms to insure relevance.

Some of the other trends affecting the category are as follow:

- As anticipated, **dollars have to be stretched**, the expected level of expertise is increasing, and so has the need for a **higher ROI**: clients are focused on tangible outcomes and are holding consultants accountable for the **'actionability' of their findings**.
- At the brand level, we observe a shift towards **a simplification of the brand architecture**, allowing the remainder of the portfolio to be reinforced. As the economy recovers however, we will see an increase in new product research (and possibly in brand extension assessment), as companies launch products in hopes of jump-starting demand and generate more sales.
- Some sectors already show an increase in demand for consumer and market research, in particular, **service industries** – such as financial / banking and insurance, telecommunications, retailing and entertainment enterprises.
- Not so coincidentally, a **new era of customer care** is under way, following a heightened interest in corporate social responsibility and sustainability. As consumers gain more control over brands, they **expect more transparency** from companies. From a brand management perspective, it emphasizes the importance of internal/external brand alignment.
- The overall **globalization** of products and services means that research **firms with international scope are needed**. Additional foreign companies are expected to penetrate the U.S. market while domestic vendors will expand globally.
- As mentioned previously, **competition** is increasing, but it **may now come from unsuspected areas**.

- **Boutiques specializing in data analytics** and integration of multiple data sources may have the ability to provide a close enough portrait of a brand's fragmented consumer base for executives to rely on and make business decisions from, without calling on to brand consultants' expertise.
- While many consultants are expanding their capabilities, so are the **ad agencies** who are claiming new territory in strategy and brand development/assessment. Nonetheless, the threat may not be centered around the capabilities as much as it may be around clients' current perceptions of an ad agency vs. a brand consultant, often primarily thought of in terms of branding/design skills.
- **Market research firms** that show the most flexibility will lead the way towards a **consultative partnership**, moving from 'research' companies to 'knowledge' companies as they provide more strategic insights driven by research results. This poses an evident threat to consultants who traditionally use market research firms mostly as 'data gatherers'. (although "routine data gathering & disseminating" firms will remain relevant).
- Some **internal market research departments** are taking a stand and gaining influence with C-level executives within their organization, sometimes in an effort to hold on to their job. As they **become more strategic**, they will increasingly hire external firms to collect data only, here again posing a possible threat to consultants.

While technology creates an array of new opportunities, marketing professionals are forced to reassess their methodologies and strategies as resources are scarce and the consumer base is becoming savvier and more fragmented than ever. In order to remain competitive and satisfy clients' unique needs, both consultants and researchers must adopt a **multi-disciplinary approach**, i.e collaborating with other informational and analytical disciplines to create synergy between the multiple expertises at work.