Research Technology and the Money Mountain

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That the global insights industry has changed and is continuing to change out of all recognition is now a given. The old cliché that researchers are slow to change must now be consigned to the dustbin of history, where it always should have belonged.

Ask almost anybody in the profession what has driven the change and invariably, the word 'technology' will be somewhere in the answer. And from many perspectives, that is true. Technology has liberated research and analytics to be able to handle massively bigger samples and sets of data, perform vastly more complicated tasks, and inform much wider audiences than ever before. All of this at a speed that was unimaginable even five years ago.

The rapidity with which insights technology has developed has been fueled by a staggering amount of cash, primarily in the form of venture capital. In the last decade, some $35 *billion* has flowed into our industry, $9 billion of which was injected in 2021 alone – a sum that is equivalent to 10% of the entire sector's revenues in that year. This does *not* include the very significant investments made in the broader insights industry by Private Equity. The combination of these two trends (venture capital flowing into Research Technology and Private Equity snapping up a significant amount of insights real estate) has resulted in a key segment of the global economy that is now 70% owned by investment entities, not corporations or individuals.

With all of this has come an industry that is significantly more complex than in the relatively recent past. While ESOMAR classifies the industry as being made up of 8 segments, within some of those there exist a myriad of sub-segments. Take the example of self-serve platforms: there are at least 19 different genres of platform, ranging from 'full stack survey platforms' (capable of covering the entire research process from design to reporting) to CX, from qualitative to video, from A/B testing to 'always on' brand tracking and so on. Within these nineteen sub-segments, there are somewhere in the region of 350 companies, all competing not only for customers but for funding.

Just how sustainable is all this?

The short answer is that it isn't. Under normal circumstances, around 10% of venture-funded companies survive and may even go on to thrive. That's just the nature of the beast. However, these are not normal times. As inflation rises and interest rates with it, the calculus that venture capitalists undertake to determine whether or not to invest becomes that much more cautious. While they will continue to invest, they will be a lot more demanding in terms of the performance needed to proceed to the next round and will probably revert to doubling down on successes rather than seeding new entrants or keeping under-performers alive. As a consequence, we will probably see a quickened pace of closures among the weaker companies

within the self-serve platform segment in particular. Already we are seeing signs of weakness in CX platforms and video analytics and a probable slowing of growth in areas such as digital qualitative, mobile ethnography and online communities to 10% per year or less in contrast to over 30% in tech-enabled research as a whole. On the flip side, agile research platforms, data integration and management systems, data visualization platforms and syndicated brand tracking all look likely to continue to grow in the 30%-40% range. Finally, we will see continued consolidation in all segments, following the examples of full stack survey platforms, agile research and social media listening.

All of that being said, Tech-Enabled Research is here with us to stay, will continue to grow and will continue to revolutionize our industry.