



## The U.S. Insights Industry in 2020: Resilient. Relevant. Delivering.

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Early on in the COVID-19 pandemic there emerged grim forecasts for the health of the insights industry in 2020. Reports of canceled and postponed projects, an inability to carry out face-to-face research, and a shutdown of budgets spelled a very lean period ahead. While it is probable that the global industry did indeed see a downturn, the impact turned out to be less devastating than it could have been. In one major market, it actually turned out to be minimal. That market was the United States.

Three recent reports paint a picture of the American insights industry not only surviving but thriving. These were

- The Insights Association's *Insights and Analytics & Top 50 2021 Report*
- Greenbook's *Business and Innovation GRIT Report 2021*
- The ARF's *The State of the Insights and Analytics Disciplines Today Report*.

Amazingly, the Insights Association revealed that the overall industry (as defined more broadly since 2019) had actually grown in 2020 by 3.8% - and this against a contraction in U.S. GDP of 3.5%.

That there are structural reasons why the American market bucked the trend is indisputable. For one, the U.S. long ago as good as abandoned in-person quantitative research, relying heavily on online instead; and for another, it is also the home market of the majority of major Fortune 500 companies that, for the most part, place insights and analytics at the core of decision-making. But there were other key reasons at play as well, reasons that might not have been obvious in early 2020.

To understand these, it is worthwhile spending a little time examining where the majority of the growth came from. Leading the pack were self-service research and enterprise feedback management platforms, growing at 35.4% and 21.8% respectively. While these two segments only account for 4% of the overall market, their advance tells us much about where the industry may be headed. These were followed by the large management consulting firms at 21.2% and sample providers at 14.9%. By contrast, the established full-service market research and industry report segments fell by 1.2% and 4.3% respectively.

What does this tell us about the dynamics of the industry as a whole? To find out the whole story, it is necessary to go back to the source – clients. Initially, as the pandemic first hit, companies pressed the ‘pause button’. Nobody quite knew where things were headed, how long it would last or what would change. But, as it became evident that this was a long-term event and that consumer behavior and attitudes were changing rapidly, the necessity to understand what was happening, and to react, became both urgent and predominant. It was at this point that both data analytics and research functions came very much to the centre of corporate life. The first question needing answering was ‘what’s happening?’. Then it became ‘what’s going to happen?’ And finally, ‘where do we go from here?’. Anecdotal reports from heads of consumer insights were almost unanimous – we are in demand more than ever before, busier than ever before, and everything has to be ‘now’.

Both the urgency and the ultimate need to answer the question ‘where do we go from here?’ accelerated a shift in spending patterns that was evident pre-pandemic: questions requiring fast answers were dealt with by rapid studies on self-serve platforms. But there was also the need to answer strategic questions, some of which work went to full-service MR agencies but much of which ended up with the large consulting firms (who now, by the way, account for over 10% of the market).

The fact that full-service firms contracted by only 1.2% speaks to the resilience of this sector which is all too often written off these days as ‘old research’. There were indeed winners and losers in this segment, the latter mostly reliant on industries that were the hardest hit such as travel and tourism. Nevertheless, many firms were able rapidly to alter their business models and be there for clients in their moment of greatest need.

In their quest to answer managements’ pressing strategic questions, clients continued to need not only ‘what’ but ‘why’. It’s for this reason that qualitative did not die – it just went digital – and that communities and social listening firms grew by over 6%.

Throughout all of this, the industry continued to innovate, as evidenced by the GRIT Report. While many of those in its Top 50 Most Innovative Suppliers list were indeed platforms and ResTech companies, there were nonetheless a series of full-service research firms that continued to catch clients’ eyes – in addition to the larger ones such as Ipsos and Kantar, more entrepreneurial entrants included Behaviorally, Shapiro + Raj, and Maru.

At this point, therefore, we can conclude that the industry proved itself not only to be resilient, but also innovatively agile and relevant. Just as importantly, though, the ARF study proved that it *delivered*.

Reflecting the new centrality of insights in urgently becoming involved in strategic decisions, not only did 80% of advertisers (companies that produce, offer and market products and services) agree that their research and analytics functions had meaningful support from the C-Suite, but over half of these *strongly agreed* with this sentiment. That support seems to have resulted in much stronger perceptions than in the year prior that research and analytics

- ✓ Contributed to financial performance
- ✓ Were relied upon to take business decisions
- ✓ Provided a high return on investment (ROI)
- ✓ Gave their firms a competitive advantage in the market.

In a 2015 study conducted by BCG, Cambiar and Yale, these variables were all highly correlated with consumer insights (CI) functions contributing as strategic partners rather than just mere order takers. This would suggest that, in 2020, CI made a significant move forward in its quest to be seen as an investment rather than just a P&L line item.

So, it would appear that research and analytics in the US was resilient, relevant and delivered the goods in 2020. We can all be forgiven for taking a moment to pat ourselves on the back for coming through so strongly in the midst of a crisis. The key question now, however, is to how do we maintain, sustain and grow that position going forward? Time will tell.