

June 2011

RSM'S SURVEY OF RESEARCH PROFESSIONALS

Wave Ten Results Summary

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We are pleased to present Wave Ten of RSM's Survey of Research Professionals. Following feedback from respondents and regular followers of the study, we are now conducting a shorter survey every six months rather than annually (in order to have a more frequent view of confidence in the commercial health of the sector).

Our thanks, as always, to all those who have given their time to complete our questionnaire, and we very much hope we can look forward to your co-operation in the future. If you have any questions or comments please contact:

John Madden (john@rsm1.com)
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alternatively call us on +44 (0) 20 7403 3322.

RSM's web based survey was completed by 280 UK based researchers in April 2011 (Wave Ten) and 316 in October 2010 (Wave Nine)

HEADLINES

Recovery continues, but at a slower pace,
and with smaller players still struggling.

The research industry should commission a
campaign to promote its benefits
(and the MRS should implement it).

Clients perceived to be increasingly prepared
to accept lower quality data if it can be
delivered more cheaply and quickly.

Senior decision makers perceived
by many not to value research.

Continued pessimism about prospects for UK MR sector
and the wider economy – but more optimistic
outlook for individual businesses.

BUDGETS: RECOVERY CONTINUES, BUT AT A SLOWER PACE

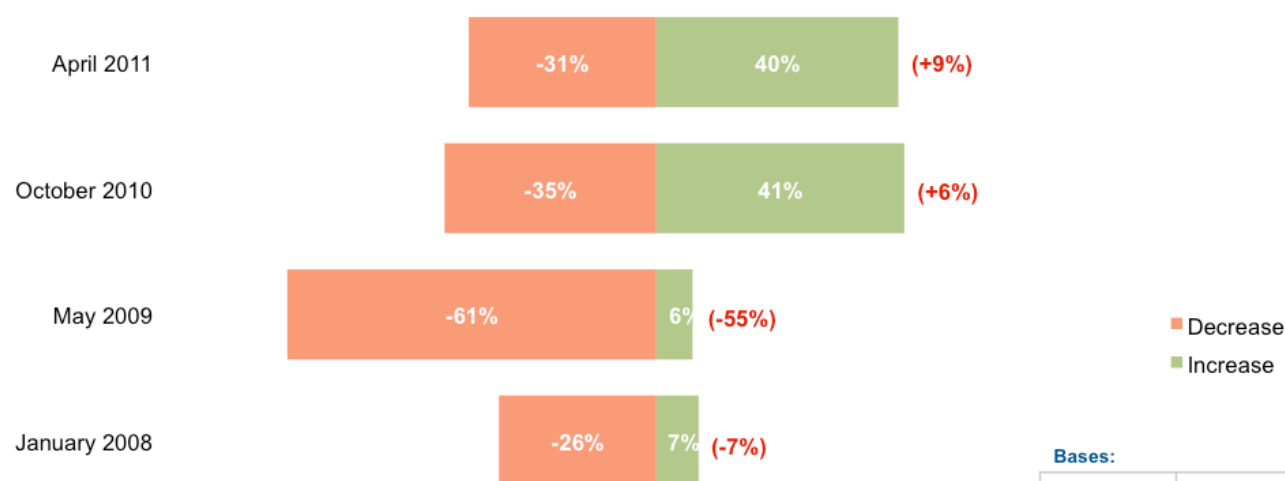
The net proportion of respondents experiencing an increase in budgets (i.e. the percentage saying ‘research revenues/research spend has been higher’ minus the percentage saying ‘research revenues/research spend has been lower’) is + 9%.

- 40% of respondents saw an increase in budgets, 31% saw a decrease.
- This is a similar position to six months ago, with a small increase in the ‘net’ score (which was + 6% in October 2010).

- Client figures are less positive – they report a net decrease (- 6%). Although clients form a relatively small proportion of the survey (33 respondents) this acts as a useful reminder that professionals in agencies tend to forecast higher growth than is subsequently achieved.

Research Budgets:

Last 12 months compared with year before



Net score in red

Q: Just in general have your research revenues/research spend increased, decreased or stayed the same in the past 12 months?

Bases:

Year	All
2011	280
2010	316
2009	345
2008	335

BUDGET EXPECTATIONS: OUTLOOK REMAINS REASONABLY OPTIMISTIC

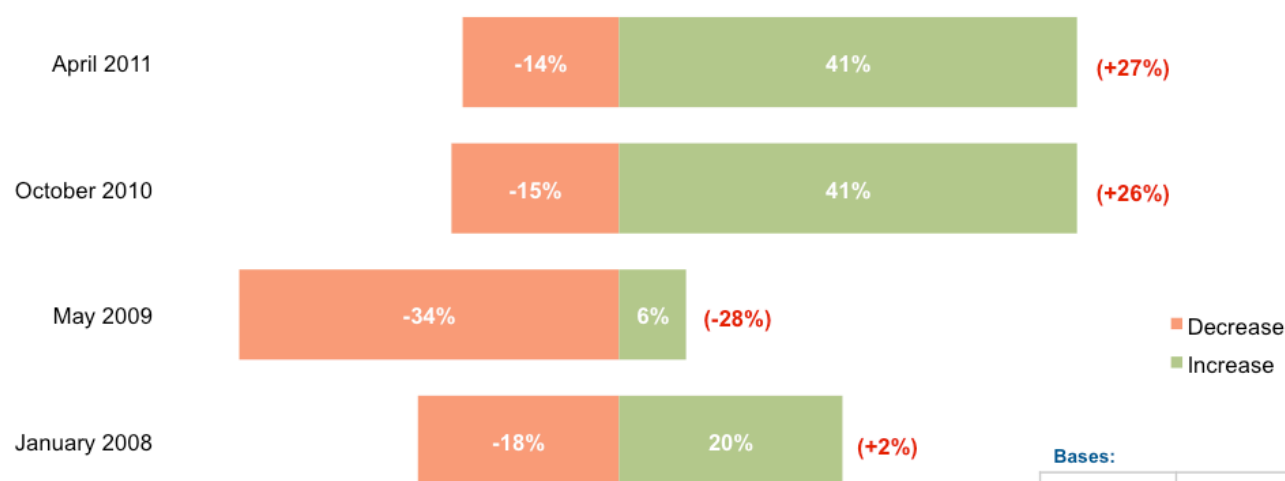
The net proportion expecting an increase in budgets (i.e. the percentage saying ‘research revenues/research spend will increase’ minus the percentage saying ‘research revenues/ research spend will decrease’ in the next 12 months) is + 27%.

- 41% anticipate an increase in the next 12 months and only 14% expect a decrease.
- This is very similar to 2010 when a net + 26% of the sample anticipated an increase in budgets.

- Client-side respondents, although more hopeful than in 2010, are less optimistic than supplier. A net +15% of clients anticipate a budget increase compared to -16% in Oct 2010 (note however that the base here is 33 respondents).

Research Budgets:

Next 12 months compared with year before



Net score in red

Q: Just in general do you expect your research revenues/research spend to increase, decrease or stay the same in the next 12 months?

Bases:

Year	All
2011	280
2010	316
2009	345
2008	335

BUDGETS: SMALLER PLAYERS STILL STRUGGLING

Smaller agencies continue to experience a more challenging trading environment – nearly half (45%) of organisations with 0 to 4 employees report a decrease in revenues in the previous year and only a quarter (25%) report an increase. Overall revenues have declined by 5% for this segment.

- A net + 20% of the smaller agencies (those with 0 to 4 employees) actually report a decrease in budgets in the previous 12 months, a stark contrast with the net + 47% of larger agencies (250 plus employees) reporting an increase.

- Similarly, next year a net + 52% of the larger agencies expect an increase in budgets compared to a net + 6% of smaller agencies.
- Medium sized agencies (those with 5 to 49 employees) report a much larger net gain in April 2011 (+ 32%) than Oct 2010 (+ 9%).



BUDGETS: OVERALL GROWTH – BUT AT A LOWER RATE

Researchers expect overall growth to be more positive in the next 12 months than achieved in the previous 12 months but they are somewhat less bullish than they were six months ago. Overall average growth was 2.2% in the previous 12 months, with 4.3% growth anticipated for the year ahead (but forecasts tend to be lower than subsequently achieved). In October 2010 the forecast was for 5.4% growth.

Clients have experienced a decline in the past 12 months (-11%) and are noticeably less bullish than suppliers about the year ahead – they expect overall spend to shrink by 5% (but please note the relatively small base of 33).

Large agencies (those with 250 or more employees) have fared better in the past 12 months (average growth was 12.9%) and are also more positive about the future (6.5% growth is anticipated).

Change in budgets: Last year and next year

	% change experienced in last year	% change expected in next year
ALL (Base 280)	+ 2.2%	+ 4.3%
Supplier (Base 247)	+ 4%	+ 5.6%
Client (Base 332.2)	-11.1%	- 5.3%

NB: Figures show AVERAGE of percentage change in revenues stated by those responding

ECONOMIC KPIs

It's still tough out there, but my company is going to do better than average!

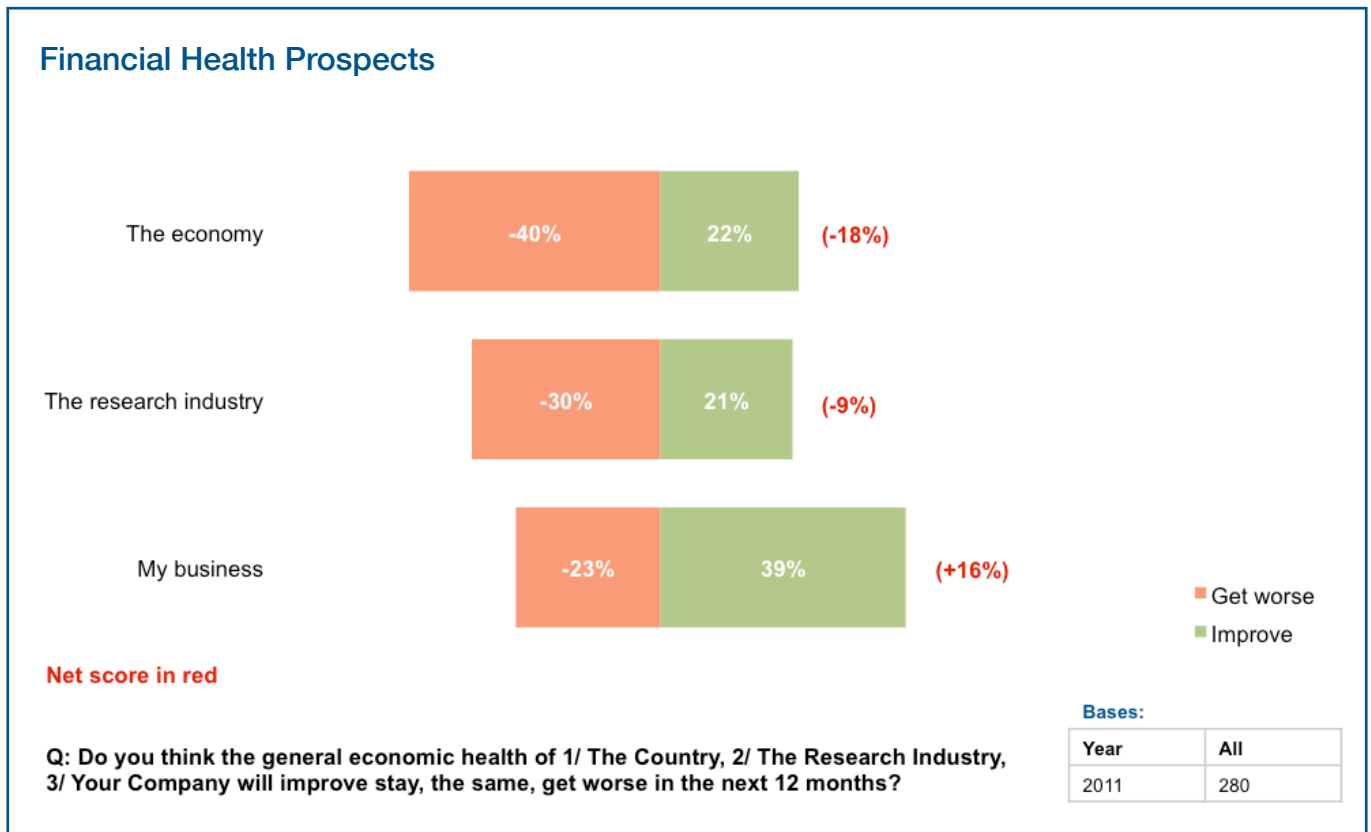
As we found in October 2010, although conditions in the wider economy and across the sector are expected to remain tough, more feel that 'My company is going to do better than average'.

- More researchers think the economic health of the country will get worse than think it will get better over the next 12

months (18% more expect it to get worse than to improve).

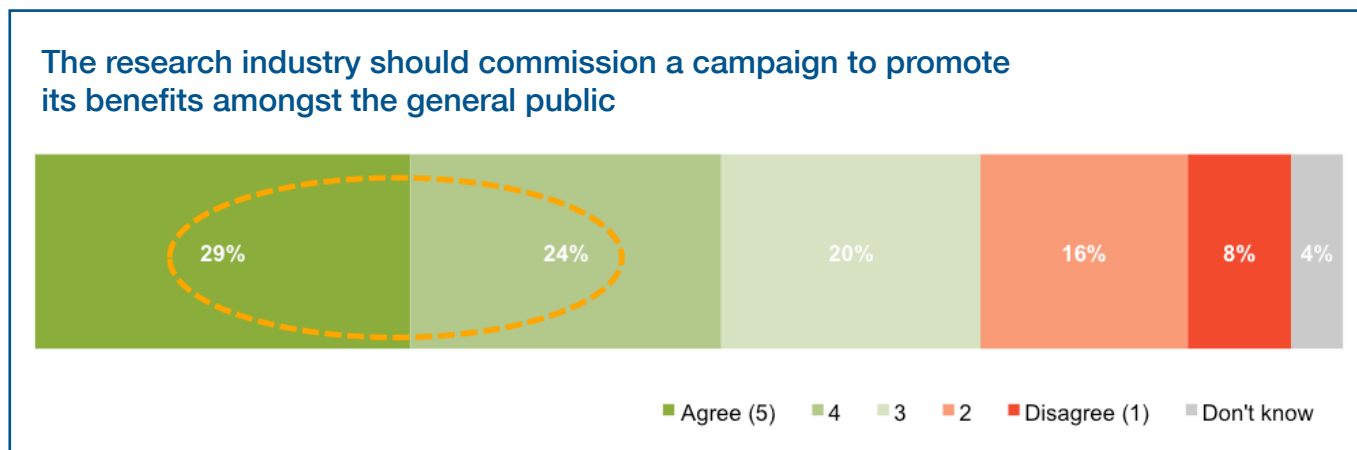
- 9% more expect the overall financial health of the research industry to get worse than expect it to improve.
- This contrasts with a net + 16% who expect the economic health of their own business to improve rather than get worse.

So it appears that although conditions in the wider economy and across the sector are expected to remain tough, many feel that 'My company is going to do better than average!'.



THE RESEARCH INDUSTRY SHOULD COMMISSION A CAMPAIGN TO PROMOTE ITS BENEFITS...

More than half of respondents would like to see a campaign 'to promote the benefits of market research to the general public'. 53% agree (score of 4 or 5 on a 5 point scale) and just 24% disagree (score of 1 or 2 on a 5 point scale).



...AND THE MRS SHOULD IMPLEMENT IT

When asked ‘Who should be responsible for implementing this and how should it be financed?’ the general consensus is that trade bodies (primarily the MRS, but also ESOMAR and AQR) should take responsibility (see table below). Most feel that funding should come from current membership fees/reserves, although some favour an additional levy on all MRS members, and some suggest targeting a levy on MRS Company Partners and/or larger member companies.

Results also suggest that many research professionals would be keen to actively support such a campaign by contributing to its planning, or by providing examples and case studies to help demonstrate the benefits of research.

Who should be responsible for implementing this and how should it be financed? (Base 148 respondents agreeing that ‘The research industry should commission a campaign to promote its benefits amongst the general public’)	%
Implementation by the MRS	74%
Financing by members of industry bodies	26%
Financed from MRS funds	15%
Financing by the research industry/agencies themselves	11%
Implementation by the research industry/agencies themselves	9%
Implementation by ESOMAR	9%
Sponsorship from clients to finance	5%
Implementation by AQR	3%

CHEAP AND FAST OFTEN TRUMPS HIGHER QUALITY

Nearly two thirds of respondents (64%) agree (score of 4 or 5 on a 5 point scale) that clients are increasingly prepared to accept lower quality data if it can be delivered more cheaply (and half agree that they are more prepared to accept low quality data if delivered more quickly).

Research decision makers are increasingly prepared to accept lower quality data if it can be delivered at a lower cost

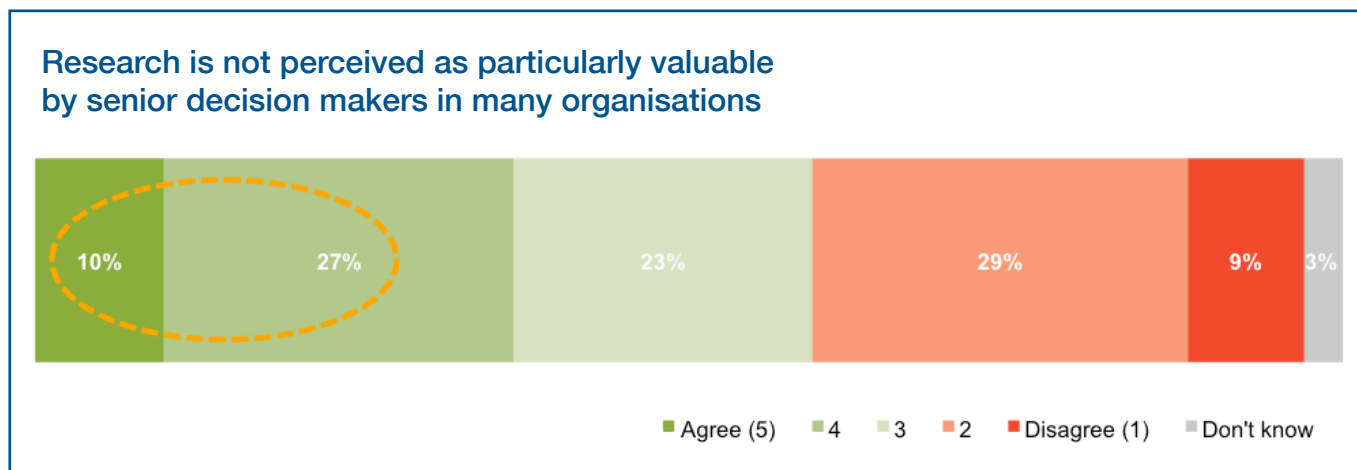


Research decision makers are increasingly prepared to accept lower quality data if it can be delivered more quickly



DECISION MAKERS PERCEIVED BY MANY NOT TO VALUE RESEARCH

More than a third of respondents agree that 'Research is not perceived as particularly valuable by senior decision makers in many organisations'. 37% agree (score of 4 or 5 on a 5 point scale) and 38% disagree (score of 1 or 2 on a 5 point scale).



To counter this perception, respondents suggest that the research industry needs to confidently demonstrate its ability to deliver real commercial value to businesses - to highlight consultancy prowess rather than methodological prowess and to highlight the ability to add value rather than just provide information.

Key suggestions to achieve this include improved industry PR to encourage positive engagement and interaction with this audience – for example providing compelling case studies targeted at commercial publications and conferences, and developing strategies to encourage more senior clients to attend MR conferences and events.

What do you think the industry can do to improve this perceived lack of value? (Base 104 respondents agreeing that 'Research is not perceived as particularly valuable by senior decision makers in many organisations')	%
Demonstrate direct benefits of good research/Case studies	22%
Increase quality of analysis work/insight	15%
Promotion of research benefits should be aimed at a senior level	11%
Educate buyers about quality	7%
Publicity programmes led by leading market research organisations (MRS, BIG, etc.)	7%
Promotion of research work to non-research people	6%
Closer relationship with clients/Greater understanding of their needs	6%

CONTACT

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RSM would like to thank all respondents who gave their time and opinions.



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