

## MRS CONFERENCE 2004

### **INSIGHT AS A STRATEGIC ASSET – THE OPPORTUNITY AND THE STARK REALITY**

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The market research industry is facing a major and exciting opportunity. If it doesn't respond imaginatively and constructively, market research risks being relegated to a bit part role in the "big picture" that is now represented by Customer Insight. This is one of our key conclusions following the completion of the second client-side project on Best Practice in the Management and Communication of Customer Insight.

After reading this paper, if there are just 3 messages we need everyone in our industry to go away with, they are these:

- Customer Insight is built from multiple sources – of which market research is only **part**.
- Customer Insight is a **strategic asset**, as important to a business as its IT.
- Customer Insight must therefore be **managed** like a strategic asset.

In this paper we will expand on these conclusions before then describing the journey that got us there, and the proof that they are indeed right.

### **CUSTOMER INSIGHT IS BUILT FROM MULTIPLE SOURCES**

#### **Market Research is just a building block**

At the very heart of the debate will inevitably be the question of "What is Customer Insight?". It is a term that is often bandied around and unfortunately now, conjures in many peoples' minds the idea that it is just the new name for market research, or at best, market research with knobs on. As there is no other commonly accepted alternative we will continue to use it, but be very clear about what we mean.

Customer Insight has two forms. Firstly, and perhaps most often what is requested, there are 'Insights' (plural). These are those flashes of inspiration, or penetrating discoveries that can lead to specific opportunities. Market research can deliver these, and often does.

But much bigger than this, and central to what companies need today, is Customer Insight (singular). The dictionary definition of this type of insight is "*the ability to perceive clearly or deeply*". It is all about having a deep, embedded knowledge about the customers and the market around us that helps structure thinking and sound decision making. Everyone involved in marketing needs this form of Customer Insight. And arguably, in a customer-focused organisation (as so many currently claim to be) it is something that almost everyone in the organisation should have, at least to some degree.

But this type of Customer Insight is all about having 'the big picture'. Not just some pieces of a jigsaw, but all the pieces, and joined up to produce a picture that all can see and understand. This is what is needed in the Boardroom (we have used the shorthand term

'Boardroom' throughout this paper to cover Senior Management decision making at the top and right across the business) , and it comes not just from market research, but from a combination of multiple pieces of research, with data from the database(s), with financial and planning data, plus the output from the market and competitor intelligence data, plus feedback from sales and customer service staff, including customer complaints. In fact, it is a picture built from any and all sources that may be available – in a coherent format that addresses anomalies and apparent contradictions, and gives appropriate weight to all of them.

At present few Boardrooms have this kind of Insight. Perhaps the best informed are in the fmcg companies – partly because they have historically built Insight hungry cultures, and partly because the bulk of their Insight does in fact come from market research. Because they have fewer sources, it is easier to create a complete and non-contradictory picture. But in most other industries, particularly those with direct contact with their end-consumers, there is so much information available from so many sources (with databases often predominant), that creating this 'joined up' picture is much harder. And few have a structure that formally brings all these sources together.

### **Two analogies – Construction, and IT.**

Consider first the house building industry. The aim is to build wonderful houses that everyone wants to live in. What is the biggest component of any house? Probably the bricks. And part of the construction industry is the brick manufacturers. But can the brick making companies lead the house building industry just because they are responsible for the largest part of every house? Of course not! A house is only a house when put together with windows, doors, the roof, the electrics, the plumbing, and all the other essential components. But even that is not enough. It needs capable construction, and over everything, it needs the architect to create the vision and produce the overall plan to make the house aesthetically pleasing and functionally workable.

Although many may be offended by this comparison, in our industry market research is the equivalent of the bricks. And no matter how much effort the brick makers put in to making better bricks, in more shapes, with better properties, they will only ever be part of the overall house. And what people buy is houses, not bricks. In the same way, the Board, and the marketers in a company need a complete picture of their market and of their customers. Market research alone can not currently provide this. This is just one reason why Management Consultants have the high level impact that we cannot achieve – because their very role is to bring together information from many sources to create complete pictures. So if we want to have maximum influence on the Board, and upon company direction, we must build complete pictures of markets and customers from all sources.

Now consider the IT industry. If you go back many years, IBM were famous for the fact that they made computers. Then, we had a computing industry (or some called it 'data processing'). But over time, and as technology advanced, it became clear that what was needed was 'solutions'. And solutions meant the bringing together of mainframes, PC's, data networks, voice networks, and a wide variety of software. IBM is no longer in the computer industry – it moved on many years ago to the much broader IT industry, supplying all of these elements, in a way that produced complete solutions. And in a recent Financial Times article, IBM was quoted as undergoing further reorganisation to make it capable of fully integrating technology with overall business processes. *"How technology is applied will be far more valuable than the technology itself"*. This is one of the reasons they bought the consultancy arm of PriceWaterhouseCoopers.

Just as computers have been around for years but are now only a minor part of overall IT solutions, so market research has been around for years, but now needs to recognise that, whilst still an essential component, there are other sources of information that are just as important to Customer Insight, and some would argue more so. In particular, customer

databases are now providing so much information that a number of companies would argue that they get more insight about their customers from their own data than they do from research. Tesco, with its Clubcard, is just one classic example.

So the inescapable conclusion is that if the market research industry continues to simply focus on market research we are not going to deliver the kind of outputs our clients really need. But no other Professional Body in the Customer Insight space is taking the lead – yet! We have the opportunity to lead the way in creating the kind of Customer Insight industry that will deliver huge value to companies, and provide great opportunities for all in it.

## CUSTOMER INSIGHT IS A STRATEGIC ASSET

### We must start talking about it as such

The role of a company Board is to deploy its assets to the best effect, to generate the highest returns. And in years gone by the greatest focus has been on the physical assets – the money, the buildings, the equipment etc. And every Board had a Finance Director responsible for those assets.

More recently, companies have come to realise there are other assets equally, or perhaps more important. One is the people who work in the company. And most Boards therefore have an HR Director.

And of course there is technology. Getting the IT side right is crucial. So most Boards have an IT Director.

But over time, most companies' abilities to effectively exploit these assets have developed to the point where they are all, by and large, equally good. That is why in so many industries all the main players are seen as being the same, and they struggle to differentiate themselves. Is Barclays really any different to HSBC or Royal Bank of Scotland? Is there really much difference between Vodafone, Orange, O2 and T-Mobile?

So now it is being recognised that differentiation will not come by being the cost leader, or developing the best technology. It will come by being the best at understanding the many and varied needs and characteristics of customers, and developing products and services that truly meet those needs. In other words – real, deep, embedded Customer Insight.

Now, some may say that marketing has been around for years, and it has always been their role to truly understand the customer. So what is different? The answer is that as companies have grown, they have become further removed from their customers, and in reality they now don't truly know them. A good example of a company which realised this problem is Tesco. Throughout the 80's and 90's, it was operating in a highly competitive market and **needed** to understand its customers to survive. But in 1995 it launched Clubcard, with one of its central aims being to gather in-depth data on its customers. In the recent book called "Scoring Points", about the development of Clubcard, it quotes the meeting where analysis of the first three months' data was presented to the Board. "*Sir Ian MacLaurin spoke from the chair: 'What scares me about this,' he said, 'is that you know more about my customers in three months than I know in 30 years.'*" In other words, the Tesco of pre-1995 was like most companies then and now. Whatever they thought, they actually had very limited understanding of their customers. Tesco is now one of the exceptions in that its knowledge of customers has taken giant leaps forward. It is no coincidence that it has leapfrogged Sainsbury's to be the number one supermarket, and that it continues to run Clubcard despite its huge cost in vouchers returned to customers. They know the value of Customer Insight as a strategic asset, and they are therefore prepared to invest in it accordingly.

So does this mean that there should be a Customer Insight Director? We would argue that there should, and believe that it will happen. Indeed, if proof is needed, one of the sponsors of the project that has led to this paper has re-organised and brought together its Insight activities, and is recruiting a Head of Customer Insight. And the heartening thing is that the only debate they are having is not about which part of Marketing that post should report into. The debate is over whether it should report to the Marketing Director or to the Chief Executive.

But the real lesson we need to learn from this is that we must start talking the language of the Boardroom. We must routinely talk about Insight as a strategic asset. We must be arguing for the value of Customer Insight to be reported in the company report and accounts - just as some are beginning to report the value of brands, and of intellectual property, and are moving towards valuing knowledge in more general terms. To do this there needs to be a fusion of Customer Insight with sales and financial MIS to provide an overt connection with the bottom line and profit, and to calculate Return on Investment.

## **A STRATEGIC ASSET MUST BE MANAGED.**

### **Customer Insight Management is a new role that must be created.**

Let us return to the IT analogy for the moment. IT is a strategic asset. And the role of the IT Director is not simply to make sure that the IT is in place and that it works. Indeed, there should be managers whose job it is to do that. The IT Director is the one who must ensure that the right technology is being employed, and that is being applied effectively, in order to help the company to deliver the highest returns for its shareholders.

In exactly the same way, Customer Insight must be managed – to ensure that the right information is being supplied to the right people, at the right time, and in the right way, so that it is applied to greatest effect. It is not about making sure that requests for research or for data are met efficiently, because that assumes that those who ask for it know what they need, and that they know how to use it and will actually do so. It is about taking a proactive and strategic role in determining what insight, applied where, will deliver the highest impact, and in ensuring that business processes are fully geared up to apply it.

So what does this say about the skills that are needed? Early in our best practice project, the sponsors debated, and largely accepted, that there are two necessary but quite different skill sets. One is that of the practical, project oriented researcher. The other is that of the ‘insighter’. The first is about technical expertise, and about detail, whilst the second is about the ability to see the bigger picture and to interpret results within a wider business context. There have been concerns expressed that the ‘insighter’ could be seen as the more valuable role. In fact both are essential. They are complementary. But the point is that both roles or skill sets are all about the creation of insight and not its application. Whilst one would hope that any Head of Insight would indeed possess first class customer insight skills, it is not a requirement of the role that they can generate it. What emerged as our project progressed was that this person actually needs a third and quite different set of skills. The skills they need are in understanding business processes, and having the strategic, as well as the political skills to ensure that Insight is not just generated, but that it is communicated and actioned.

And it is this third set of skills that actually provides the link to management consultancy, because in fact the skills needed by someone involved in Insight Management are very similar to those of a management consultant. It is for this reason that if we succeed in moving away from market research in isolation to the establishment of a comprehensive Customer Insight discipline within companies, then we will succeed in having the same influence that management consultants often do. It will provide the opportunity for those involved in Insight to progress to the very highest levels in the business. We believe that in

years to come time spent in Customer Insight will be an essential step on the road to the top for the real high flyers. No-one could make that claim for market research. Indeed, we are not aware of any CEO of any major company who would claim that time spent in market research was vital in getting them to where they are today!

So how did we reach these conclusions? The next part of this paper describes the project that led to everything we have learned.

## **THE PROJECT ITSELF**

### **The project was geared towards “Customer Insight Communication”**

The project that led to our conclusions started in January 2003. But it goes back further than that. In fact the issues about the role of MR – getting in the boardroom, being valued etc, have been around for years. And in 2000 it led to a study sponsored by 11 companies into Best Practice in Market Research Management and a report published in September 2000. One of the biggest weaknesses that study identified was the communication of market research and getting it valued.

Over the following 3 years, although things had moved on, and people were now talking more about creating Insight from research, there was still the deep down realisation that generally research was still not being valued or applied well.

This led to the latest study – sponsored by 12 companies – and focusing specifically on these issues of communication and of value.

### **So who were the sponsors? And what were the objectives?**

The project was sponsored by 12 companies from wide ranging industries. They were:

Boots	Nationwide Building Society
BAA	Nokia
British Gas	Royal Bank of Scotland
Coors Brewers	Sainsbury's
ICI Paints	Standard Life
Masterfoods	Vodafone

And the objectives agreed at the start of the project were:

- To understand how best to manage the knowledge gained through Customer Insight
- To identify best practice in communicating Insight and encouraging Insight results to be used by the business
- To establish how a realistic value can be derived for Customer Insight so that Return on Investment can be calculated, demonstrated through case studies where possible
- To create a set of practical tools and methodologies that any Customer Insight function can easily apply to increase the value that they deliver.

Crucially the project scope also extended to include all forms of Customer Insight and not just market research. In other words it also covered database analysis, market intelligence, competitor intelligence, Insight from customer services staff, and from sales staff, and so on. And it was this extension beyond the realms of research that was a major factor in bringing us to our conclusions.

Although these were the stated objectives, and they broadly remained the same throughout the project, it was accepted that as the project progressed we may want to revise them. There are two ways in which the final outcome has differed.

Firstly, the overall conclusions probably go far further than the original objectives suggested. We didn't expect to be addressing such fundamental industry issues as the ones we have covered at the start of this paper. Secondly, the issue of Return on Investment (ROI) is one that we still feel needs further work.

This last comment highlights another point about this project – it is ongoing, and we hope it will continue its momentum in pushing forward the work so far.

To achieve its aims, the project was broken down into a number of stages, each being the topic of a workshop with the sponsors. So let's look briefly at each stage.

## THE EARLY STAGES AND RESULTS

### Customer Insight can lead the world of Knowledge Management

The first stage was to explore the whole discipline of Knowledge Management (KM) to see if, in fact, many of the questions we wanted to answer had been answered elsewhere. It was a highly informative stage, but left us surprised that far from needing to catch up with KM, maybe we are ahead of it! This may seem unrealistic, given how much is currently being invested in KM worldwide, but let us explain.

One of the most valuable things we learnt from KM was a very basic idea, and the language to go with it. Essentially, knowledge comes in two forms – explicit and tacit. Explicit knowledge is that which is recorded, in manuals, documents, databases, intranets, etc. Tacit knowledge is in people's heads, and is based on learning, skills and experience. And much of the drive for KM has come from the recognition that so much of any businesses' knowledge base is tacit – and therefore, as an asset it is not 'fixed'. If an individual with vital knowledge leaves the organisation, that knowledge is lost.

This idea of tacit and explicit knowledge then leads to four forms of communication:

- **explicit to explicit** (such as IT data transfers)
- **tacit to explicit** (formally recording what people know)
- **explicit to tacit** (getting stored knowledge into people's heads such that it can be applied)
- **tacit to tacit** (helping people to communicate directly to share knowledge and experience).

The current real difference between Customer Insight and mainstream KM is in where the emphasis lies in these forms of communication. The current emphasis of most KM work is towards making tacit knowledge explicit. It is about helping organisations to capture and secure as an asset the vast amount of knowledge that exists in the heads of its people.

With Customer Insight, the emphasis is the other way round. Most information is explicit already – in the form of research reports, statistics, and presentations – and the issue is that of making it tacit. The goal is to communicate it widely and to get it into the heads of all those who should be using it. So in this sense, the work that we are all doing in learning how to manage and communicate Customer Insight is potentially leading the world of KM towards the issue that they must face next.

## **Communicating Insight is 90% structural**

The second stage of the project was to pull together the extensive experience of the sponsors in order to understand what makes Customer Insight successful, what doesn't work, and why. Perhaps the most important conclusion to emerge very quickly was that every organisation is different, and therefore what may work for one may not fit another.

This stage of the project involved visits and interviews to each sponsor company to explore how their Insight teams (i.e. research and database and other teams) were organised, and how they went about their work. It looked at successes and failures in communication, and in onward application of Insight. It looked at resources available in terms of people as well as external budgets where appropriate. It looked at skills and it looked at culture.

When we started the project one thing that we expected to find was that creativity and presentational skills would emerge as a major factor in effective communication. Indeed, we hoped that we would be able to assemble a compendium of ideas, tips, tricks and techniques that would help any research department or Insight team to transform the way they worked.

In fact we found that effectiveness of communication depended upon a wide range of factors, but like so many things, the Pareto effect came in. In other words just a few factors actually accounted for the biggest effect. And the four main factors were resource, skills, organisation, and planning. And after that, success depended upon a number of approaches such as measuring the impact of Insight, and actively helping with implementation of recommendations. What it all said was that the keys to success were 90% structural and process oriented, with only the 'icing on the cake' coming from creativity and presentational techniques. Put simply, if you plan to communicate Insight effectively, and have the resources, organisation and primary skills to do it, then it will happen.

The issue of resource inevitably came up, and in most areas of Insight it is very hard to establish exactly the right number of people. But, in market research at least, a basic rule emerged to relate the number of people to the budget that they handled. In effect it is that for every £1m of budget, you need three people to ensure that you achieve maximum return on investment. Within our set of sponsors we had a range, from one or two who had each researcher responsible for £200k of budget or less up to a few where the researchers were handling a budget of over £1m each. The difference was stark. Where the people to budget ratio was high, those researchers could become highly involved with the users, ensuring that the right research was being done, and that it was used effectively. Where the ratio was low, it was basically a factory, struggling to keep up with simple demand for projects, and where research users were essentially on their own in deciding what they needed and in using it once delivered. In these latter cases it was clear that only a fraction of the value of the research was being achieved.

The full report of the project - "Customer Insight – Management and Communication – the guide to best practice" (available from Customer Insight Solutions) provides the detail of the skills mix needed, and how best to organise Insight teams and plan Insight communication, as within the scope of this paper we cannot cover everything. But having said that, creativity, and neat ideas, are the icing on the cake, and some of them do make good reading, so let us at least describe some of the most memorable.

## **Simple ideas can have great impact**

We know that there are some people who are charismatic presenters and who can bring anything to life. They can be amazingly professional, and they are often seen on the conference circuit telling everyone the apparent secrets of making insight communication happen. But the truth is that, whilst those kinds of people will almost always succeed in these kinds of areas, they are few and far between. Most of us don't quite have that same talent. But it doesn't mean that we aren't capable of some creative thinking and of having an

impact. So one of the pleasures of this project was to find a whole range of ideas that have been used with great success.

An idea that still makes us chuckle when we think of it was introduced by an FMCG company. They wanted people in the marketing department to read more about the research going on and the results it was producing, but were realistic about how little time people had to do it. So they decided to create a mini newsletter, and to put it in exactly the place they felt people had most time and opportunity to read it. They hung it behind the door in the toilets! And called it – what else? – The Bog Standard!! Simple, effective, and has now even gone on to provide post-it notes and a pen for people to write notes and thoughts in reply to questions raised, and to leave them stuck to the door!

Another great idea was the very simple use of a laminator. One contributor to the study had sat down and pulled together a very neat summary of “The key things you should know about our customer”, gleaned from a range of research done to that point. They used PowerPoint to produce something eye-catching and punchy on A4 paper. But they knew that in that state, printed on paper, it would just get put in a pile and forgotten. So they laminated it, and left one on every desk in the departments that they felt appropriate. The result was that it was suddenly transformed from just an interesting sheet of paper into something more official looking, more permanent, and clearly meant to be kept and referred to. It tended to be pinned to the partitions between desks, and other staff who saw it came to the research department to see if they could have one. The result was that the message got through. And so now, they take care to use the idea sparingly so that it doesn't lose its impact, but when something short but important needs to be communicated, they laminate!

Many more examples like these emerged, and again have all been written up in the project report.

## **A MODEL FOR BEST PRACTICE**

### **“Think like a Chief Executive”**

By this stage of the project it was clear that the key to Insight communication lay in the management of the process rather than the actual insight generation itself. And at first, we thought that what this is actually all about is effectively marketing the Insight as if it is a product. Nearly all research departments are part of the marketing department, so we simply asked what was it that we do for our products and services when marketing to customers that we ought to be doing in marketing insight to the customers within our organisations. Effectively “Think like the Marketing Director”. And this provided an excellent approach to thinking laterally about the issue. One fmcg sponsor suddenly realised, for example, that they were incredibly scientific in analysing how many times a consumer needs to be exposed to an advert of a certain length to achieve the product awareness and purchase propensity that they wanted. But they never considered Insight in the same way! If Insight is to be absorbed and acted upon, how often does someone in the marketing department need to see a message before it sinks in? Is the classic 2 hour presentation, followed by emailing of the slides, the best way? Or are some things better communicated through multiple exposures of short snippets?

But this then led to the next logical step. It wasn't just about marketing the Insight. There were whole issues about what Insight should be generated, and when, to fit overall corporate strategic needs. The process of creating Insight can be likened to manufacturing. The return on investment should be measured, in just the same way as in the overall finances of any organisation. In fact it led to the analogy of treating Insight effectively as a business – hence demanding that the process of managing it should be thought of in the same way. In other words “Think like a Chief Executive”

This model was tested with all the sponsors, and although each had a different slant on it because of the nature of the organisation they operated it, in effect all of them agreed that the model was sound. Therefore in producing the report, and the guide to best practice, everything has been organised around the premise of treating Insight as a business, and around the Head of Insight taking on the role and responsibilities of a Chief Executive. In so doing it transforms the Insight function from being, typically, a reactive function with a service mentality, to being a proactive unit focused on value generation.

## THE REAL LEAP FORWARD

### Other agencies provided the clue to the real issue

By this stage the conclusions were beginning to gel, but somehow there was still something missing. Why was it that some organisations seemed to be really very good at handling and generating value from Insight whilst others struggled?

It was at this stage that the project was extended to bring in the views and ideas of an even wider range of client companies in addition to the sponsors, and also other types of organisations. We talked to a wide variety from advertising and creative agencies right through to the Chartered Institute of Accountants (to get their views on return on investment measurement from intangibles). Inspiration came from one advertising agency who commented that their work was always dependent upon the best possible insight, provided usually by the client. And the best insight almost always came from organisations that seem to get named in papers like these – Diageo, Unilever etc. But their observation was that it was invariably the fmcg companies who provided the clarity of insight required. At the opposite end of the spectrum were the service companies, the financial institutions, the utilities etc. And the kind of problem they always had was in dealing with different parts of those organisations. Each had a different view, primarily because each was getting its Insight on customers from different sources. The problems arose because there was too much data coming from the database, the finance systems, the sales force, and all sorts of other areas in addition to market research. The data often conflicted, and the thing that was missing was a coherent, complete, joined up view.

So here suddenly was where the light bulbs really went on. It made sense. In the fmcg world, customers can switch by simply moving their hands 6 inches along a shelf. To keep customers and market share demands first class understanding of the customers. So there is a corporate culture of demanding the best Insight, but this is matched by another vital factor – they are not swamped with data. They don't deal direct with their customers to the same degree, and do not have databases and direct sales organisations, and their primary source of Insight is market research. It is therefore easier to control and coordinate, and build a complete picture. And when combined with a culture that demands and appreciates Insight, is it any surprise that communication, and maximising value, is not so hard in these organisations – their culture and business imperatives demand it.

By contrast, in most service organisations, the culture for demanding and valuing Insight is not so developed. And the sources of Insight tend to be disparate, each typically serving different audiences, with no-one having formal responsibility for coordination. Even though it is becoming more common for there to be links between market research and the database teams, sometimes with them both reporting to the same person, it is still rare for those teams to then be linked with wider sources. It was at this point that it became clear that Insight was all about bringing together multiple sources, and when put together with a view which we believe we all share, that Insight is fundamental to the success of an organisation, led to the conclusions we have already stated about Insight as a strategic asset, and the need to manage it as such.

## **Corporate culture profoundly affects Insight effectiveness**

Having mentioned the differences in culture in different types of organisation, this does deserve further thought. Corporate culture is predominantly set by the Chief Executive and the Board of Directors, and whilst almost all companies say that the customer is at the heart of their business, often corporate activities do not follow through on this premise. This may be for sound business reasons, or it may be because structures and politics intervene, or maybe because the business is only paying lip service to customer centricity. For Insight to be successful, it is hugely dependent on the genuine beliefs of the corporate culture (rather than the stated ones). The possible power of Customer Insight is also enhanced significantly if it has sponsors promoting the customer message – notably the CEO and Marketing Director.

Both the first and second Best Practice projects highlighted that corporate culture was a major determinant of the likely success of any Insight function. And it could be argued that it is one of the most important factors because it is that culture that will then determine the resources allocated to the Insight teams and to the structures within which they then have to operate.

## **SO WHAT NOW?**

### **What is the agency-side going to do about it?**

First and foremost, let us recognise that everything we have been discussing is about the client-side. The market research industry is dominated by the agency side. We would estimate there are 8-10 people employed in market research and fieldwork agencies for every one employed on the client-side. This parallel is not true of the database side, or of other Insight functions. However, since clients pay for the agency resource, then surely our industry should reflect the new joined-up Insight needs of the market?

We are not saying that agencies are powerless in this area. We are simply saying that for Insight to achieve the status that it should is all about what happens within our clients' organisations, and therefore, those of us in agencies must spend far more time understanding client-side issues if we are to really help them to transform the way they work. It is simply not good enough to respond to a brief and deliver what we have been asked for, no matter how brilliantly we do it, and how many Insights we believe we pull from our work. If our work is to be truly valued, we must play a more active role in helping to coordinate our work with other Insight generating business areas, and to channel the results through our clients' organisations in order to achieve action. We would propose that it is as much the responsibility of an agency to ensure that action is taken as a result of our work as it is the responsibility of our immediate client.

We also believe that more agencies should and will start to broaden their work into other areas – including database. We must not fight shy of it as some do, claiming that database work runs contrary to the principles of the MRS guidelines. Instead we must embrace it.

But over all of this, if we are truly to help those on the client-side, then we feel we must establish an industry body that puts clients at the centre and embraces all Insight disciplines – not just market research.

## **To achieve our aims we need a new industry body – or transformation of an existing one**

There is no single 'Insight industry'. The UK's market research industry is well defined and represented by three bodies, the Market Research Society (MRS), the British Market Research Association (BMRA) and the Association of Users of Research Agencies (AURA). Database analysis on the other hand is not seen as 'an industry' and it is only represented by either the bodies representing statisticians or by the Institute of Direct Marketing (IDM). There is no industry body at all that we are aware of for those involved in market and competitor intelligence. The situation is similar in many other countries but, for the purpose of this report, we will confine ourselves in this section to discussing the situation, and recommending a solution, in the UK. We would, however, expect the arguments to apply throughout the world.

We would argue that Customer Insight needs an industry body and, since it involves many sources, it needs to be a body that covers all those sources.

Because the market research industry is well established and organised, and has the Market Research Society (MRS) at its centre, it has been the leading voice in raising the profile of Customer Insight. But, because its focus has been primarily on market research, it has actually created a problem – the fact that many see the term 'Customer Insight' as simply a re-badging exercise. Unfortunately, in some organisations, the market research department has simply been renamed the Customer Insight department, while its function has not changed. For this reason, some are now arguing that 'Customer Insight' is no longer a term that we should be promoting.

We disagree – because Customer Insight is an apt description of what companies need. But we need to be very clear about what Customer Insight encompasses and ensure that everyone understands that it is about a lot more than just market research.

Discussions with those involved in database analysis and market and competitor intelligence make it clear that the communication issues faced by market research are mirrored precisely within their own areas, as are issues connected with being valued within the organisation. The only difference is that they do not have the forum to voice those issues.

There have been debates within the MRS for years about raising the profile of market research. Over recent months there has been a call to re-launch or re-invent the market research industry. We believe that, while laudable in their aims, such calls are missing the point. Indeed, this study has crystallised the fact that the key to establishing Customer Insight as a strategic asset lies in bringing together all sources of Insight to create a coherent picture.

We don't believe that the market research industry needs to be re-invented. Indeed, we believe it is doing a very fine job in assisting and promoting the delivery of first-class research, and its continued growth supports this view. The issue lies on the client-side, where we need to see research brought together with other sources through the creation of a powerful Customer Insight Management function. The only way 'the industry' can help is by actively seeking to represent all branches of Customer Insight and developing its skills in integration and communication.

The big question is - how do we get there? Can the MRS provide a credible lead that will attract those in other areas to join a single body? Or will those involved in database analysis and management see this as a move by the market research industry to 'take over the world'? Specifically, those involved in database analysis might argue that the major issues for them are all concerned with availability of data and that their interests are, therefore, being fought for by the Institute of Direct Marketing, which has most certainly been very active in lobbying the European Parliament over data protection issues.

We believe that, if nothing else, this must become the subject of debate amongst all involved. Our recommendation is this:

- We need a professional body for the Customer Insight industry that represents all the Insight areas involved. The name “Market Research Society” can only be used to represent the market research specialism.
- The Market Research Society should provide the lead and drive the development of such an Insight body. But in doing so it must face the stark choice of either transforming itself into that Insight body, with a new name, but then with a specialist MRS subgroup, or it must remain separate but then act in concert with that new body.
- The MRS should very actively seek to build relationships with other Institutes (especially the IDM) to ensure that this is not seen as a threat, but as a positive benefit to all.
- The new body must put the strategic needs of companies and user organisations at its heart, and develop the Customer Insight industry appropriately. Even though this will involve painful debates about database building and attributable data, in order to retain the need for preserving individual privacy and working within both the spirit and the letter of current and future data protection laws, it is a necessary process
- The new body must seek to integrate the needs of all branches of Insight, of users and suppliers, and to resolve the issue we have at the moment of the MRS, the BMRA and AURA all representing the market research industry, before even taking into account the database and statistical bodies.

## IN CONCLUSION

We would simply repeat the three messages we want everyone to go away with:

- Customer Insight is built from multiple sources – of which Market Research is only **part**.
- Customer Insight is a **strategic asset**, as important to a business as its IT.
- Customer Insight must therefore be **managed** like a strategic asset.

If we succeed, our industry will have a more secure future and offer more scope for opportunity than it already does.