

# Transition of Market Research to Digital Marketing and the Current Digital Marketing scenario

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## Introduction

Facing rapid social, technological, and economic change, the traditional marketing research industry will either adopt new tools and talent, repositioning itself in a more strategic, consultative space, or it will fall into decline.

The rate of change in marketing research will accelerate as new entrants from the wider emerging marketing research insights industry (management consulting, customer relationship management [CRM], customer experience management [CEM], data mining, DIY desktop tools, predictive analytics, neuromarketing, social media analytics, prediction markets, and **co creative digital consultants**) **converge with and redefine the traditional marketing research space.**

Instead, the industry is likely to reposition, rebrand, and rename itself. It will shift focus from asking to observing, questioning to discussing, collection to analysis, insight to foresight, rational to emotional, large surveys to data streams, quarterly trackers to 24/7 insights communities, geographically fixed to mobile, siloed to converged, cognitive self-reporting to precognitive neuro sensing, and project-based work to engagement-based consulting. It will find ways to integrate itself across the strategic decision-making process, will help its clients pull insights from disparate data streams, will aggressively leverage foresight tools, will be nimble, and will make speed a core competence by fully leveraging the 24-hour global clock.

## Drawbacks of traditional market research

The traditional market research industry as per ESOMAR estimates is nearly \$30 billion in size and follows the research principles of focus groups, surveys and a skill set focused on project management, questioning, and statistical analysis. A lot of this research is done based on primary research data collection processes which involve asking for information from the relevant populations, collecting, structuring and analysing the information. The organizing framework in this epoch was the survey, especially the quarterly tracking survey, a product on which many of the larger firms still depend. The traditional marketing research industry has many positive qualities, but it and the asking epoch, in which it flourished, have several significant weaknesses. These include a dependence on self reported behavior; a focus on the present and past; limited ability to engage subjects in a protracted, co creative dialogue; and a reliance on periodic, as opposed to continuous, reporting. These weaknesses have left the traditional marketing research industry open to significant competition from the wider insights industry.

In contrast, the emerging marketing research industry includes new entrants from management consulting, social media, software, and business intelligence that are increasingly providing insight-driven consulting in competition with traditional marketing research. The wider insights industry was created in the information age. It surrounds traditional marketing research with next-generation technologies and firms defined by observation and listening.

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The emerging challenge to the traditional marketing research firms is to adapt to this new reality by adding next generation tools and practices from the observational epoch. This means that market research has to beyond the observational methods to become “digital”.

Many traditional research companies are buying neuromarketing firms, experimenting with eye-tracking technology, learning how to build and maintain insight communities, and exploring social media listening platforms. For example, the marketing research giant Kantar owns traditional and social media analytics firm Cymfony, and research agency Maritz recently acquired social media analytics firm evolve24. But, if history is any guide, many of today’s marketing research suppliers, including some of the larger players, will struggle through the transition.

## Contemporary trends in Market Research-“going towards the digital era and wider insights tools”

Market research today is driven by new entrants from management consulting, social media, software, and business intelligence that are increasingly providing insight-driven consulting in competition with traditional marketing research. The wider insights industry was created in the information age. It surrounds traditional marketing research with next-generation technologies and firms defined by observation and listening.

## Factors which are “driving” market research to change

Research tool segmentation - Advertising Research Foundation (ARF) member survey bifurcates research tools into four categories: (1) passing, (2) timeless, (3) transitional (so named because some see them as fads while others see them as the future), and (4) emerging

Passing Tools	Timeless Tools	Transitional tools	Emerging Technologies- The digital way(Wider Insights tools)
Telephone Surveys	Marketing Mix Modelling	Social Media	Mobile Research
	Online surveys	Insight Communities	Passive data (GPS, RFID)
	Focus Groups	Text Analytics	Web-Use Tracking
	Ethnography	Virtual Reality	
	Econometric Modelling	Neuro biometrics	

One look at the transitional tools and emerging technologies featured in the research toolbox chart highlights the significant **amount of change on the horizon and the emergence of more passive, observational tools.**

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Practitioners clearly believe mobile research; passive data collection via GPS and radio frequency identification (RFID) and web-use tracking will define the futures. And many in the industry see social media analytics, insights communities, virtual reality environments, and neuro biometrics as either trendy or cutting edge.

According to ESOMAR (European Society for Opinion and Market Research), statistics hint at the significant change about to overtake the traditional marketing research industry. First, 80% of global research spending is currently dedicated to quantitative, survey-based, research. As spending shifts toward observational, co creative, and anticipatory tools, there can be a significant reallocation of spending within the industry. Second, two-thirds of all traditional marketing research is conducted in the five aging industrial democracies of the United States (30%), the United Kingdom (11%), Germany (9%), France (9%), and Japan (6%). Eventually, there will be a strong influx of research spending into emerging economies. When combined, the implications of these two data points are staggering. The growth of non-interrogatory tools and emerging markets will reshape the industry.

### **Traditional Versus Emerging Marketing Research Industry (Industry models: the shift from market research (traditional) to digital market research (emerging))**

	<b>Traditional Market Research</b>	<b>Wider Insights Industry</b>
Firm Types	Full service custom suppliers	Management consulting
	Syndicated research suppliers	Social Media
	Niche	Software
	Sector Expertise firms	CRM
		Business Intelligence
		Data Mining
<b>Founding time period</b>	<b>Industrial Age</b>	<b>Information Age</b>
Example Firms	Ipsos	Mc Kinsey
	Gfk	BCG
	Synovate	SPSS
	Harris Interactive	Communispace
	ORC	Clarabridge
		Nunwood
		Vomscore
		HYVE
		Conversion
		Autonomy
<b>Methodological Focus</b>	<b>Aiding (Primary Research survey data collection)</b>	<b>Observing</b>
Signature Tools	Custom Survey research	Data mining
	Tracking Surveys	Text Analytics
	Live Focus Groups	Insight communities

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		Model building
Customer engagement	Project work	Retainer -based consulting
	Tracking Studies	Software as a service
Buyer	CMO	C-Suite
	Insights Function	CMO
		Insights Function

## The Digital Marketing Landscape and its future in India

Looking back on the history of digital marketing from the first clickable ad in 1993 to the founding of Google in 1998 to the start of Facebook in 2004, few people could have guessed how big and influential they would turn out to be. And who would have predicted the popularity of Snap chat or What'sApp being purchased for \$19 billion?

The thing is, with digital marketing things are getting started.

The media and advertising industries are evolving. Print journalists leaving for digital used to get chided, but now it's normal. But there's still some disparity when it comes to print and digital budgets. Time and budgetary spends on print are reducing but spends as high as 25% re increasing on digital marketing by firms.

### Reach

Because digital marketing utilizes digital vehicles to market products and services directly to the consumers, it can have a wider reach due to the growth of digital in India. While traditional media, often referred to as 'push' marketing includes media channels such as television, radio, magazines and newspapers; digital marketing uses 'pull' channels such as social networks, blogs, search engines, email, video, mobile and so on. These are all great ways to reach potential customers when and where they are looking for ones' services.

Digital Media provides a brand, the best opportunities to engage with its audience. But, in a country as diverse as India, decision depends solely on the target market. The extent of digital media usage thereafter is quantifiable and hence justifiable.

Lately, India has been focussing on the technological forefronts of development. Internet penetration in India is 8.5% and it ranks third in the list of countries with

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highest number of Internet users. To put things in perspective, India's population is three times that of USA and this is enough to understand the potential it holds in terms of digital growth.

**The online spends in 2013 by Indian brands were 2250 Cr, nearly 6.5% of the total media advertising expenditure and a 30% increase since 2012. Now the projections this year would see digital spends at 7.9% of the total spend.**

## **The Digital Landscape Factsheet**

1. The country has 900 million mobile accounts, with 600 million unique mobile subscribers
2. It has more than 30 million PCs
3. It has more than 205 million Internet users at present and by 2015 there will be 300 million to 400 million Internet users
4. There are more than 50 million mobile data subscribers of which 5 million access Internet only on the phone
5. The country has 15 million 3G mobile subscribers
6. It has more than 23 million unique users on YouTube
7. Average time an Indian net user spends on social media is 3 hours a day
8. 70% of Indian internet users watch online videos

A business, that is trying to expand its horizon to new customers, can reap the maximum benefits from the above listed facts.

## **Benefits**

Digital Marketing is one of the most cost effective methods for 2 reasons - its reach and precise measurement tools. There is no other form of marketing that precisely measure where your leads are coming from and what actions they are taking when they reach your website. Using several analytical tools like Google Analytics, QuantCast and Radian6 can help you make smart spending decisions.

Digital Marketing tools render themselves effective to carry out an inbound marketing approach that is strategically more affordable when compared to several outbound marketing modules. Because of this, many small business owners are adopting various digital marketing methods to target a core audience by addressing their needs and generating a constant stream of useful quality content to engage and then, satisfy them.

This serves many a purpose; for example, you'll be targeting consumers who are actually looking for products and services that are relevant to yours, instead of advertising your business to everyone even if they are not trying to search for them. It can save costs drastically by not advertising to the every customer out there and narrowing down the audience through a targeting funnel.

## **Social Media**

Aside from measurement and reach, the other big factor when it comes to India is how people are using the web. With better connections, smart phones and computers, Indians are increasingly using the internet for more than just checking their email.

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In both rural and urban areas, social networking is a key element in the total Internet usage. Facebook is now the most popular site in India. The biggest social network crossed 100M active users in India (largest outside USA) in April 2014, of which 84M access it from mobile devices. Twitter has yet to see a reasonable growth in India, despite having a fairly good adoption rates.

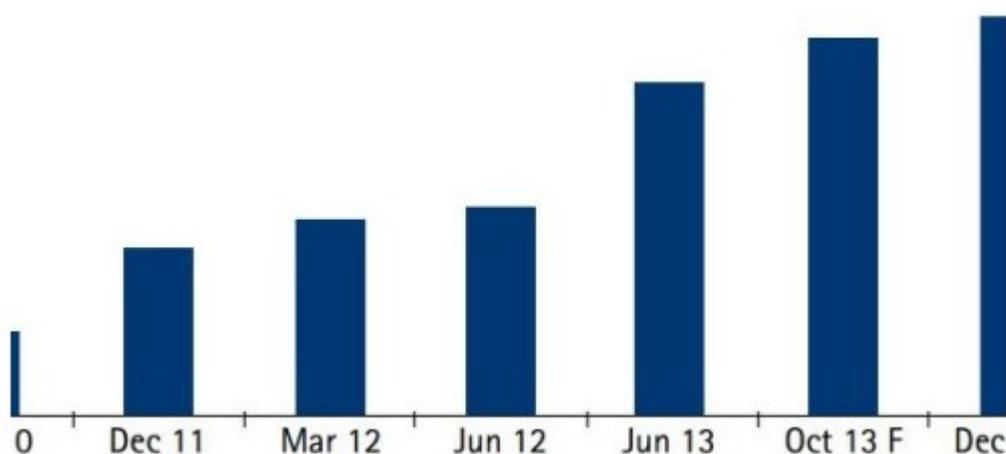
The professional networking site LinkedIn is also seeing greater uptake in India. According to figures, the country has the second largest number of LinkedIn users worldwide.

### Rural India

Another notable development is the expanding numbers of mobile phones and increasing Internet penetration in rural India. Because most of India's population still lives in a rural environment, it is important for businesses to penetrate this majority, if it aims to grow exponentially.

With the traditional mediums, businesses had to settle for lower penetration and exposure in rural areas. But due to the constant efforts of the Indian Government and other affecting factors, Internet users in rural India are soaring at an all-time high.

According to the i-Cube report Internet in Rural India, the number of claimed rural Internet users is expected to jump from 72 million in December 2013 to 85 million in June 2014—18% growth in just six months.



Source: i-Cube, IMRB (2013)

The nation could have as many as 243 million Internet users by June 2014. If that happens, these users will outnumber American Internet users to make India the world's second-largest online community after China. Moreover, The Economist Intelligence Unit expects India's Internet economy to reach a value of US\$100 billion by 2015.

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### **Conclusion**

All the above figures and discussions strengthen the fact that the scope of digital marketing is growing intense in India. Whether you are a big business or just a start-up, Digital Marketing can help you lead your business in the coveted direction of success; because company size is not a critical success factor in the digital realm. Even a small start-up can steal the show from larger, better-known but less agile competitors by delivering a clever marketing campaign and effective deployment of digital experiences.