

TOP TEN TIPS FOR BUYING RESEARCH AND INSIGHT

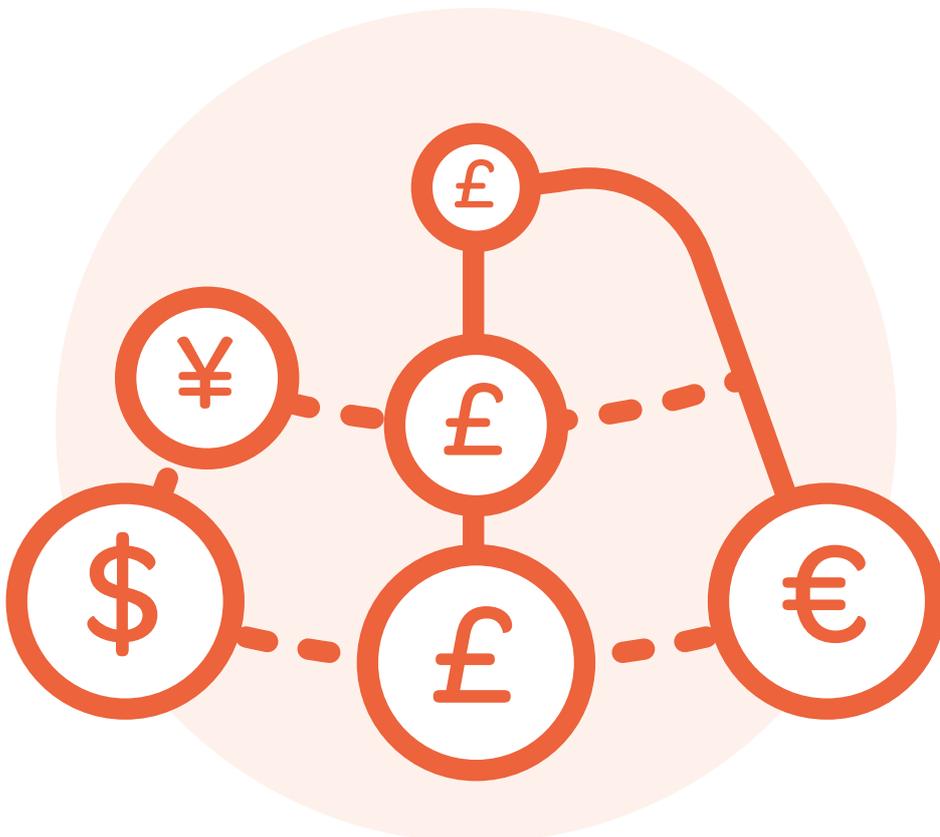
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The business of research and insight is growing rapidly in the UK. According to a study by PwC, the research sector has grown by over 60% in the past four years and now contributes £4.6bn to the UK economy and employs some 73,000 people.¹

Good research and insight provides a significant competitive advantage to organisations. Business leaders cite better planning, more confident decision-making, reduced risks and increased efficiency as the top benefits that quality research brings. Key to this is understanding how to commission good research, but poor buying practices still take place and undermine the benefits research, evidence and insight bring.

These Top Ten Tips are a first step to procuring effective research. For further information see www.theresearchbuyersguide.com and the resources listed at the end of this guide.



APPROACH THE PROCESS OF BUYING RESEARCH AS A BUSINESS INVESTMENT

Businesses that derive the most success from research and insight are focused from the outset of the buying process on maximising the benefits of the research, not minimising its cost.

Optimising spend in the research category requires a different approach to direct materials categories. The process must be approached with a ROAR (return on analysis and research) outlook. Cost matters, but only in relation to the value it will create.

Focusing on driving down costs during the procurement process will most likely result in reduced quality somewhere within the research project itself – it could be anywhere from the process of collecting data through to the deeper analysis and insight that resolves a key business issue. The end result can mean money is spent that produces little business impact or return. Buying research and insight must be treated as a long-term investment, not a short-term cost.

¹ *Business of Evidence 2016* – study by PwC, commissioned by the Market Research Society (MRS)

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KEEP UP TO DATE WITH THE RESEARCH AND INSIGHT SECTOR

Market and social research is one of the fastest-moving sectors of the UK economy with new trends emerging all the time. Data analytics has grown by 350% in the past four years, and other complex areas like behavioural economics, predictive analytics, social media analysis and research involving wearables are growing rapidly too.

Commercial organisations use a huge number of techniques and approaches for research, so procurement teams will benefit from having a basic level of understanding about the trends and developments in research in order to support their businesses in making the right purchasing decisions.

Business of Evidence 2016 by PwC outlining the size and growth of the research sector.

Better market research procurement provides a series of reports on procurement researching within the public sector and around lessons learned from the Pan-government framework for market research services.

Towards an insight driven organisation examines how to foster a culture of insight and use it to deliver business growth.

3

KNOW THE MAIN STAGES OF A RESEARCH PROJECT

Commercial organisations use many techniques and processes for research. In order to support a business well in procuring these services, good buyers should understand what is involved in conducting the basics of a research project to ensure they can select the right suppliers for the project or research participants (audience).

Most research projects will follow a similar pattern of:

- Agreeing a research design to solve a particular business objective.
- Gathering data about a market or audience.
- Analysing the data and using it to provide evidence, insight or recommendations that enable the organisation to meet its business objective.

Some focus on the methods of research (qualitative or quantitative), rather than the problems they solve. But in a sector that's evolving so rapidly, a more effective approach is to focus on the specific problem type, market or audience being analysed, and combine skills and methodologies to meet the particular research objective.



4

BUILD TRUST AND RELATIONSHIPS TO INFORM THE BUYING PROCESS

Identify key stakeholders both for the short-term buying process and the longer-term use of the research and insight outputs – these could be more varied than you think.

To give the best chance for business and research objectives to be met, a strong relationship must exist between the procurement team and the internal teams commissioning and consuming the research. Often, commissioners are exploring an entirely new market or product so have limited experience or expectation of what the research should look like. Selecting the best proposal is something that procurement teams and client commissioners need to work closely together on, comparing quality, cost, risks and potential returns. Good buyers know what works for their internal stakeholders, while still getting value from the supply chain.

Think about trust and relationships with research suppliers too. In an environment of rapid client-side competitor activity, or limited knowledge of new markets and products, having a high-trust supplier relationship is critical as it is impossible to contract for the ambiguous or unknown. It is easy to talk about supplier partnership, but if the reality is harsh contract terms or unrealistic objectives, then the sense of partnership can quickly disappear.



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CONSIDER WHAT OTHER RESEARCH BUYING DECISIONS MAY BE UNDER WAY IN YOUR ORGANISATION

Commissioning research in one area of an organisation often impacts sourcing decisions in another. It can be a highly fluid process and worth taking a wide view on. Suppliers can provide any combination of viewing studios, participant recruitment, qualitative research, quantitative data collection and research analysis... to name a few. But all those sourcing decisions have to be carefully integrated and managed as a whole.

Consider also that a supplier will gain knowledge in the area it undertakes research in, as well as building a deeper understanding of your business in the process. It might be beneficial to make a long-term investment with one supplier or a small number of suppliers to integrate knowledge across multiple projects and data sources – potentially providing savings down the line. Again, it is key to approach the decision as an investment, not a one-off cost.

Larger organisations can also benefit from co-ordinating global vs local purchases to optimise what's best bought close to local market and what's able to be centralised successfully. Few research supplies require a truly global supply infrastructure so local supplies can make sense provided contract duplication is avoided if suppliers operate in multiple territories.

6

BE REALISTIC ABOUT THE RFP – SOME RESEARCH SPECIFICATIONS CAN'T BE FIXED

It is very hard to write a fixed specification for good research. Even with routine research purchases, quality cannot be fixed in the way it can with direct materials. In areas new to market, a typical research specification often only goes as far as outlining the business problem and related research objectives. Roster tenders can assess suppliers' basic research capabilities, experience and reputation, but there are many variables thereafter.

Procurement teams should be comfortable with some uncertainty in the buying process – which is again why internal relationships must be strong. Avoid trying to impose fixed boundaries in the RFP – they are not the reality in research. Often, a research RFP is a search for suppliers to come up with the best research design (ie buying specification). Commissioners choose on design as much as price and rightly so. A good research design will optimise wider organisation benefits (see below).



7

WEIGH UP THE HARD AND SOFT QUALIFICATIONS OF SUPPLIERS

People are the key asset in research – not technology or processes – so differentiating between suppliers is a subtle process.

Certain formal measures of quality do exist for research suppliers. The Market Research Society (MRS) Code of Conduct which all MRS Accredited Company Partners have to adhere gives a level of confidence about the research quality (see tip 10).

Fair Data is a recognised mark, also run by MRS, which enables consumers to make educated choices about their data. It provides consumers with a level of confidence that their data is safe with an accredited Fair Data supplier (www.fairdata.org.uk).

International Standards are available for full service agencies (ISO20252); panel providers (ISO26362); and – importantly – for organisations seeking to demonstrate high standards in dealing with personal and customer data (ISO27001). The implications of not using personal data securely can mean hefty fines and serious reputational and brand damage.

A good research supplier is the sum of its formal qualifications and its ‘softer’ skills and experience. Things like ownership, agency size, culture, ethics and human talent are all important criteria to consider. But assessing these differences across suppliers takes time and practice. As procurement teams generally don’t consume the research they buy, good feedback channels need to exist with the end users of the research.

8

BE AWARE OF THE WIDER BUSINESS IMPLICATIONS OF BUYING DECISIONS

Prioritising cost over research methodology, information security or analysis could mean organisations end up basing commercial decisions on incomplete or incorrect evidence and, in the case of poor data security, risk serious reputational damage and fines.

Costs needs to be weighed up alongside quality, impact, risk and long-term value. The consequences of choosing one research methodology over another can be huge for a business – there is little point in buying least-cost interviews if, for example, your supplier cannot validate who you are actually interviewing, nor safeguard the sensitive personal data that results from the interview. Focusing on contractual deliverables without considering wider commercial issues can have significant long-term consequences for a business.

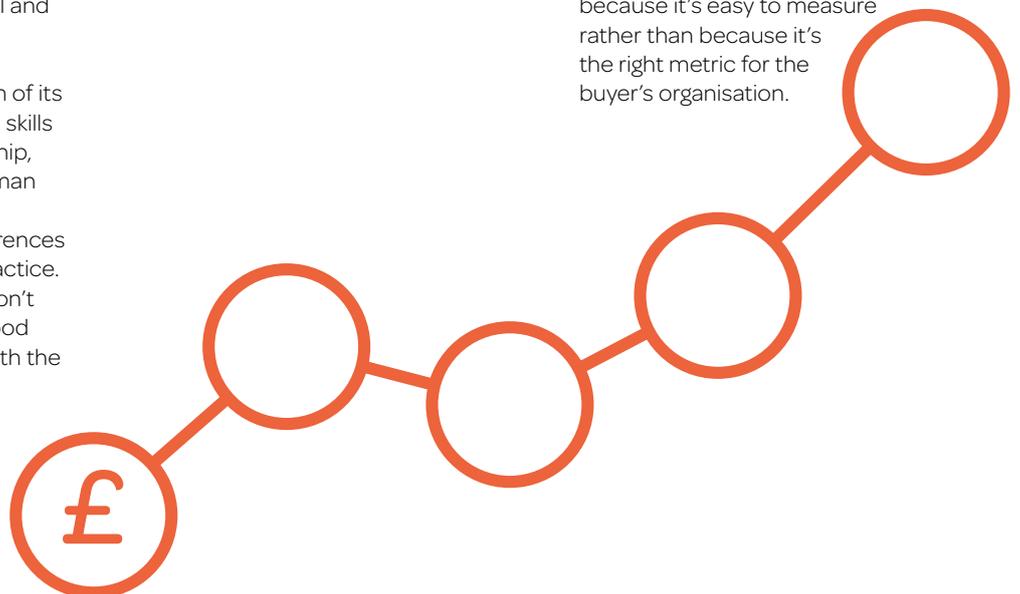
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GET COMFORTABLE LEADING WITH METRICS FOR VALUE ADDED

When evaluating the performance of a procurement team in buying research, the standard metric of cost savings delivers the wrong incentive and organisational result. If you accept that research is a discretionary spend, not an operational expense, then if you seek to maximise cost savings the logical conclusion is to stop all spend in research and marketing.

But high performance organisations continue to spend on research because they believe that £1 spent on quality research will deliver more than £1 in return to the bottom line. So metrics that measure the value of returns and the management of investment in research make sense; pure cost reduction metrics without regard for returns do not.

It’s important to state this for the category. If we don’t, the performance of those buying the category is not understood and everything becomes viewed through a cost saving lens because it’s easy to measure rather than because it’s the right metric for the buyer’s organisation.



10

APPOINT AN ACCREDITED SUPPLIER

There is a ready-made set of industry contractual obligations – the MRS Code of Conduct – which is the key benchmark for quality and ethics in research and insight, based on 60 years regulatory experience. Organisations accredited by MRS and MRS members must abide by this Code of Conduct. This quality specification and threshold can prevent procurement and supply chain reducing quality excessively in the quest for cost reductions. The minimum standards set by MRS Code include:

- Members must take reasonable steps so that research participants are not led to a particular point of view (there's little point in research if it's biased).
- Members must ensure the research conforms to national and international legislation including the Data Protection Act.
- Members must ensure that outputs and presentations clearly distinguish between facts, opinion and interpretation (recommendations should be evidenced).



INFORMATION RESOURCES:

- The Market Research Society www.mrs.org.uk
- The MRS Code of Conduct https://www.mrs.org.uk/standards/code_of_conduct
- Research Live www.research-live.com
- The Research Buyers Guide – the only source of accredited research suppliers in the UK and Ireland www.theresearchbuyersguide.com
- The Pan-Government Framework for Market Research Services – MRS reports and evaluations www.mrs.org.uk/researchprocurement
- Fair Data mark www.fairdata.org.uk