



GRIT REPORT

GREENBOOK RESEARCH INDUSTRY TRENDS REPORT



STAKEHOLDER
ADVISORY SERVICES LLC

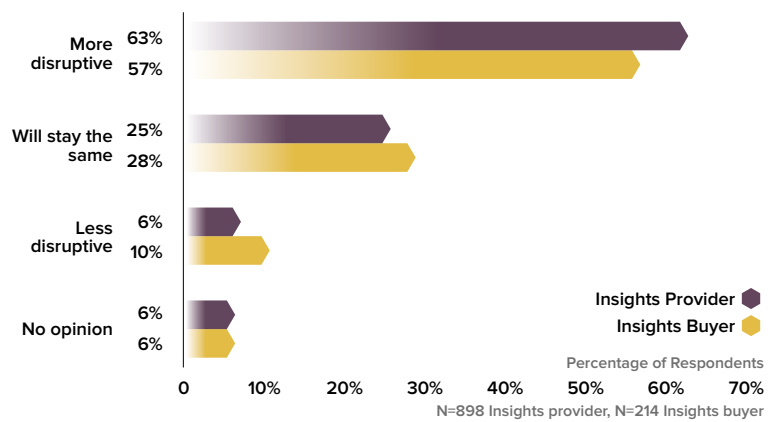


RESEARCH TRANSFORMATION IN ACTION

Disruption occurs when there is a need for change and the opportunity for an innovator to introduce a transformative catalyst – often a better model, tool or process than that currently used. Typically, the disruptive approach is cheaper and faster than the product or service it replaces.

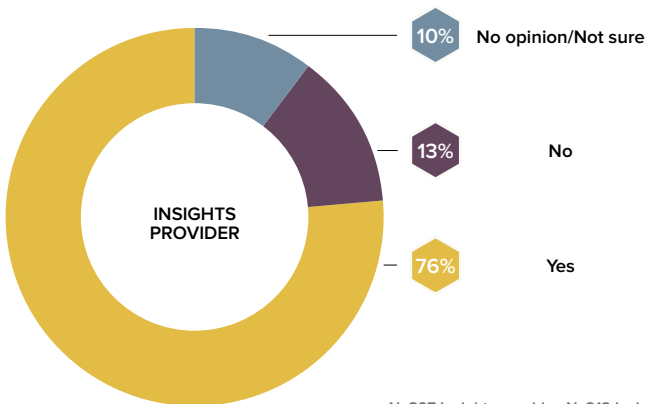
The implications can range from terrifying to exhilarating depending on your view of the world. Underscoring the prevalence of disruption in our industry, almost two-thirds (63%) of insights providers believe the market research/intelligence industry will become more disruptive over the next three years, a viewpoint shared by insights buyers.

OVER THE NEXT THREE YEARS, DO YOU THINK THE MARKET RESEARCH/INTELLIGENCE MARKET WILL BECOME ...

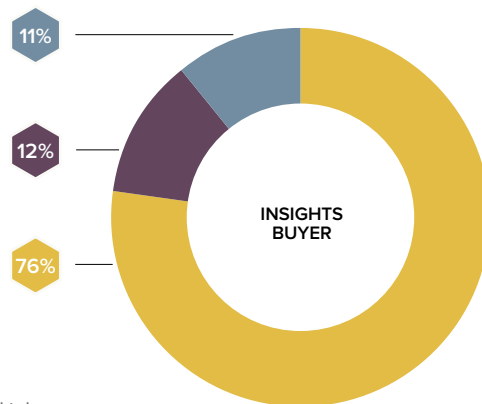


The call for change has been clearly heard. Fully three fourths of insights providers say they need to transform all or part of their business to remain competitive.

DO YOU BELIEVE YOU NEED TO TRANSFORM ALL OR PART OF YOUR BUSINESS TO REMAIN COMPETITIVE?



DO YOU BELIEVE YOU NEED TO TRANSFORM ALL OR PART OF YOUR ORGANIZATION TO CONTINUE TO PROVIDE YOUR INTERNAL CLIENTS WITH THE VALUE THEY EXPECT?



N=897 Insights provider, N=212 Insights buyer

Three fourths of insights providers say they need to transform all or part of their business to remain competitive

Transformation is not a singular event but rather a series of ongoing decisions that lead to a culture of impactful change within an organization

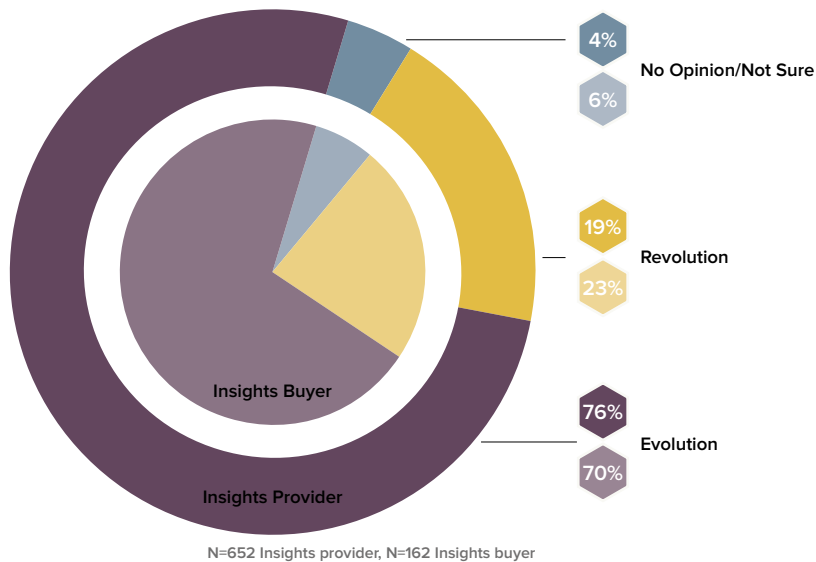


The pressure to change isn't just felt by insight providers. An equal number of insight buyers express the same sentiment about the requirements to continue providing their internal clients with the value expected by their organization. The expectation of ongoing disruption combined with the need for transformation to stay relevant is a challenge we must embrace if we are to emerge as a vibrant industry known for providing the ROI our users expect and demand. Failure to address this mandate will result in an ever-increasing negative spiral toward the only possible endpoint – lack of relevance. So where to begin?

There are no magic bullets for transformation. Keeping a business relevant in any industry is a challenge. We have to continually demonstrate and prove our value as providers of insight. Failure to do so leads our users to seek alternative approaches.

Even those considered to be innovators today, may not be seen as such in five years unless they develop processes by which to ensure their organization continually pushes the boundaries of innovation as the mechanism to remain relevant. The act of transformation is not a singular event but rather a series of ongoing decisions that lead to a culture of impactful change within an organization. Insights buyers and providers agree on this fact – they see transformation as evolutionary not revolutionary.

WILL THIS TRANSFORMATION BE AN EVOLUTION OF YOUR ORGANIZATION OR A SUDDEN REVOLUTION?



Transformation doesn't happen overnight. It is takes deliberate planning and strategy followed by relentless implementation. The best in our business take time to plan for the future. Strategic planning, broadly defined, is the planning of all the activities of a business to ensure competitive advantage and profitability. While the devil is in the details, certainly an understanding of the changing value drivers for our businesses, the competitive environment in which we operate, macro-business environmental issues, the need to redesign key

business processes and a continual re-evaluation of our "people policies" are all key elements of a strategic business review.

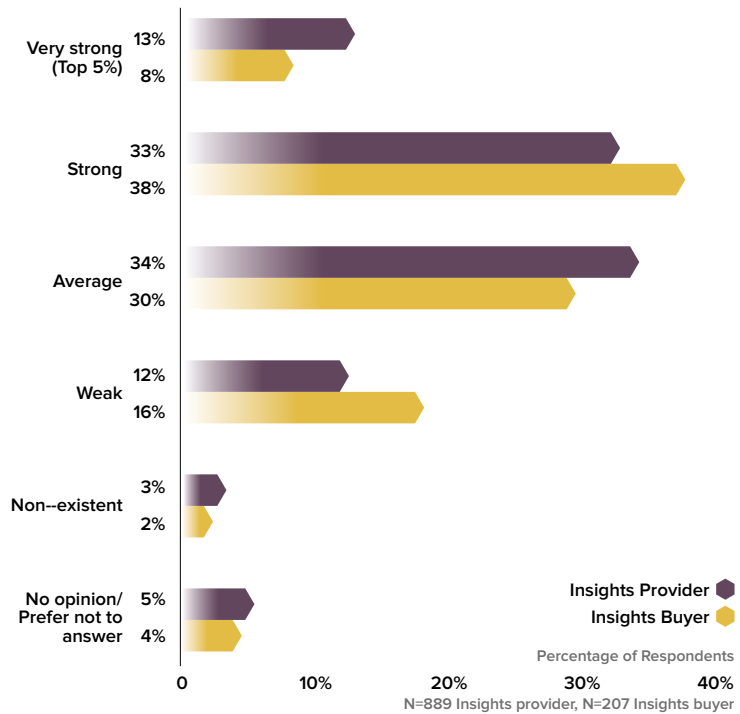
At Gongos, for example, the process begins with a 10-year envisioned future and then three-year goals that are broken into annual goals and specific quarterly tasks necessary to meet those goals. As Camille Nicita, President and CEO of Gongos said, "we are always trying to answer the question – what should the next best version of us look like?"

In an era of disruption, sharpening strategic planning skills is an imperative



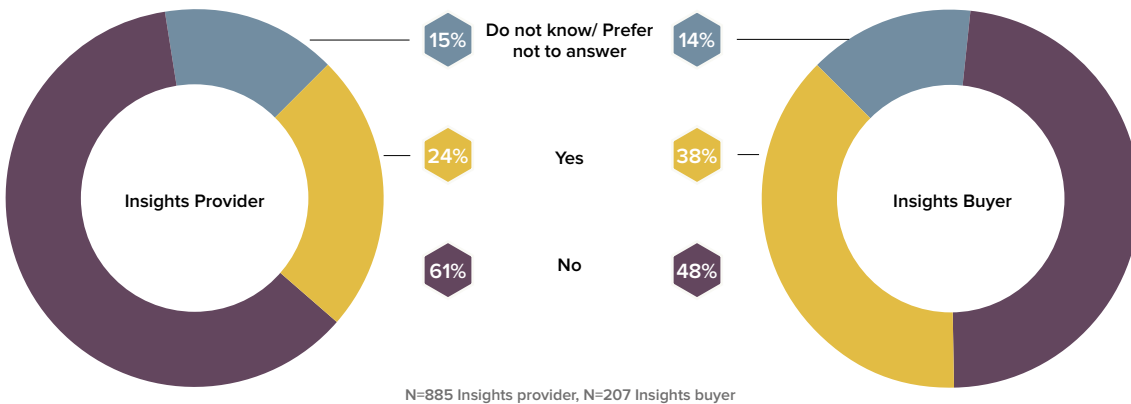
Yet according to the findings from this wave of the GRIT survey, a self-assessment of strategic planning capabilities reveals almost an equal split among insight providers and buyers who say their organization's skills are strong and those who say they are not.

HOW WOULD YOU DESCRIBE THE CALIBER OF YOUR ORGANIZATION'S STRATEGIC PLANNING CAPABILITIES?

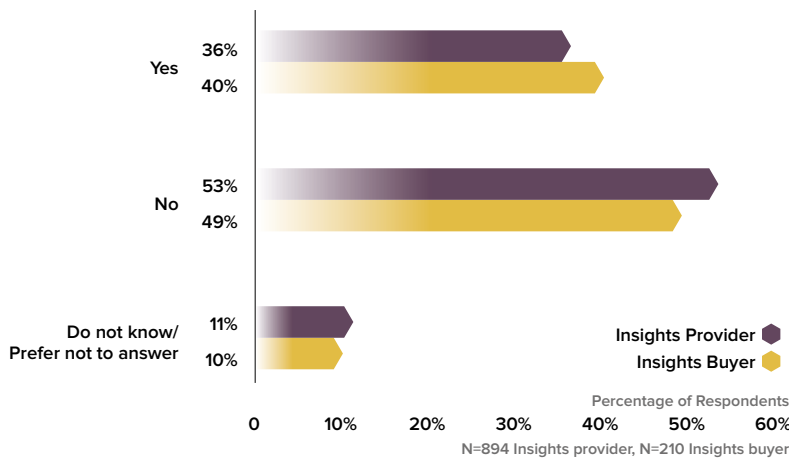


Should customers be part of the strategic planning process? About one-fourth of insights providers say "yes" indicating they have a customer advisory board that provides input to the process.

DOES YOUR ORGANIZATION CURRENTLY HAVE A CUSTOMER ADVISORY BOARD THAT PROVIDE INPUT TO THE STRATEGIC PLANNING PROCESS FOR YOUR BUSINESS?



IS THERE A FORMAL PROCESS TO SPUR INNOVATION WITHIN YOUR ORGANIZATION? (AMONG THOSE RESPONDING)



Insight buyers appear to place a higher value on the input of a customer advisory board. Without a doubt, it is important that the voice of constituents who use our products and services be heard in the strategic planning process. A valid criticism of our industry is that we listen to ourselves a little too much. Understanding the impact of what is going on outside our industry is a much more difficult, and often painful, task.

In an era of disruption, sharpening strategic planning skills is an imperative and will lead those who excel in this endeavor to increasing revenue and achieving a healthier bottom line.

Innovation and transformation are intertwined.

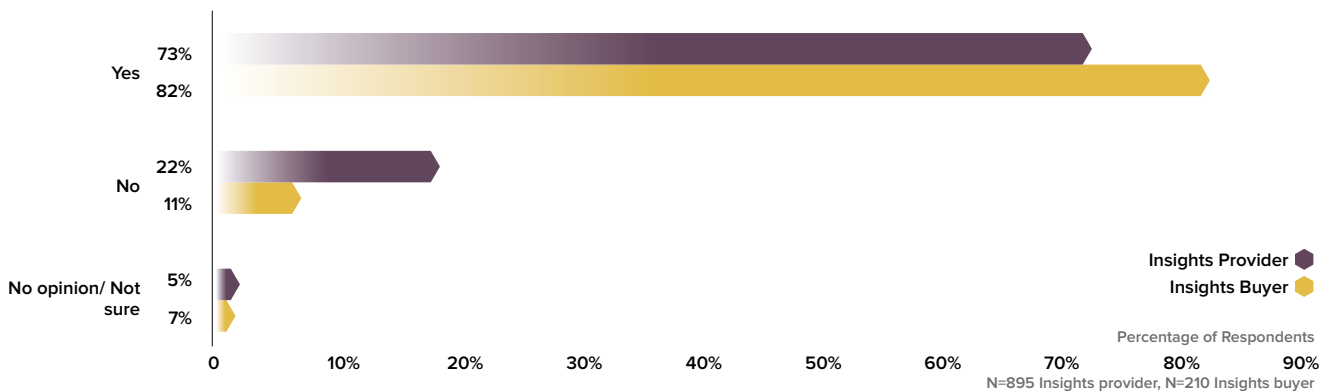
Getting the creative juices flowing can often be a struggle. What works for one organization may not work for another. According to the GRIT findings, more organizations do not have a formal process to spur innovation than do.

Routinely, CEOs say the magic is releasing the innovative spirit among their employees. Some use a “shark tank” approach allowing individuals to pitch new ideas, some designate a small group of highly creative individuals to pursue new ideas, while others say hiring individuals from outside the industry is a key element to injecting innovation

within the organization. Still others maintain that support for innovative efforts must be at the core of the firm’s DNA as R&D departments produce very mixed results. This appears to be an area in which many organizations need greater focus. Without an organizational push of some sort, innovation is unlikely to happen with sufficient rhythm to fuel the process of transformation.

Transformative actions can take many forms. The introduction of new products and services is a common path followed. According to the GRIT findings, more than 70% of insight providers have introduced a new product or service to the market in the past two years.

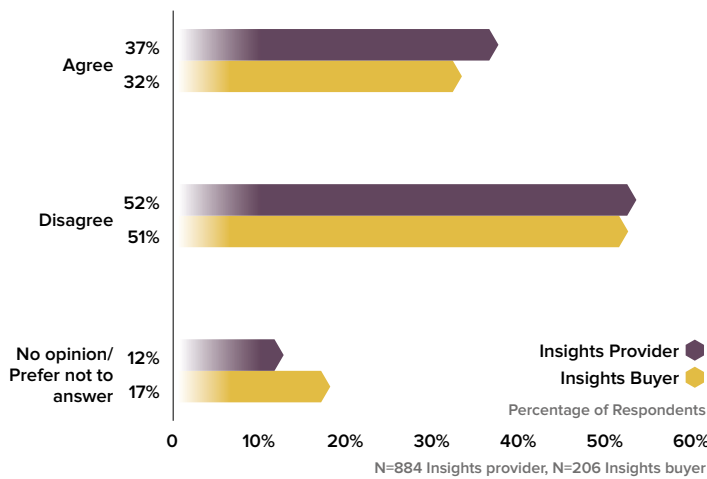
IN THE PAST TWO YEARS, HAVE YOU INTRODUCED A NEW PRODUCT OR SERVICE TO THE MARKET/YOUR ORGANIZATION?



Without an organizational push of some sort, innovation is unlikely to happen with sufficient rhythm to fuel the process of transformation



SOME SAY THAT 50% OF CURRENT FULL-SERVICE MARKET RESEARCH SUPPLIERS WILL BE OUT OF BUSINESS WITHIN FIVE YEARS. DO YOU AGREE OR DISAGREE?



More than one-third of insights providers agree that 50% of current full-service market research suppliers will be out of business within five years



This mark is exceeded by the more than 80% of insights buyers who indicated they introduced a new product or service to their organization. From an innovation perspective, success is less relevant than the attempt – as long as there is learning from each effort and sufficient courage to know when an effort will not be successful. This results in a cycle of learning that will eventually produce winning products and services that are the result of an effective process rather than the hit or miss of random ideas.

Jim Bryson, CEO of 20|20 Research believes a big part of introducing successful products and services is understanding the structural trends in the market and capitalizing on a need that is not yet fully understood by clients. Jim and his team continue to bring innovation to the qualitative research services they offer by visioning new applications for technology as it becomes available. At the same time, many CEOs caution against straying too far from the core DNA of the firm. Transformation can fail if your organization deviates too far from its roots and loses its footing in the market.

Where does all this lead us? Unfortunately, more than one-third of insights providers agree with the statement that 50% of current full-service market research suppliers will be out of business within five years. The viewpoint of insight buyers isn't all that different.



“There is a lot of innovation in our industry, but most innovation is not commercially successful. In the market research industry, a successful cutting edge product or service typically needs two components: meeting a clearly articulated need and capital for sales and marketing. The lack of one or both of these cause most industry innovations to fail. To get ahead of the adoption curve, firms must look for the intersection of technology trends and market research trends. This intersection is a sweet spot that requires less sales and marketing capital and can result in explosive growth.”

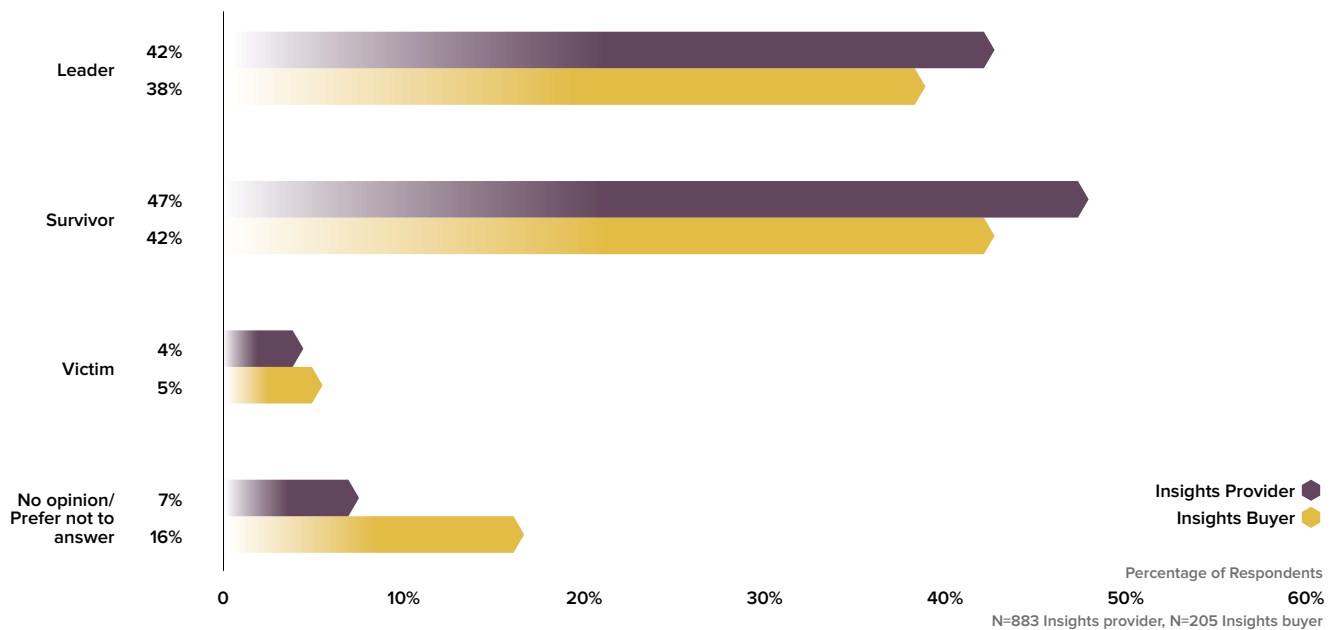
Jim Bryson CEO, 20|20 Research



“Some companies may not survive changing times, but I am optimistic for the future. I hope these 5 years are a crucible, from which many companies will emerge offering better, faster learning methods with a tighter focus on business impact. If that happens, we’ll all have healthier businesses and more rewarding jobs.”

Joan Lewis Former Senior Vice President and Officer of Global Consumer and Market Knowledge, P&G

IN FIVE YEARS, HOW DO YOU THINK YOUR ORGANIZATION WILL EMERGE FROM THE CURRENT DISRUPTION IN THE INDUSTRY?



Where there is risk, there is also opportunity and, for the most part, respondents to the GRIT survey say they will emerge from the current disruption in the industry as anything but a victim.

In fact, many (42%) insight providers believe they will emerge as a leader. Trends identified in this latest edition of the GRIT survey and exposed at events, in blogs, and by the daily work of emerging companies are the keys to unlock the door to the future.