



THE 2ND ANNUAL STATE OF THE RESEARCH AND ANALYTICS DISCIPLINES 2021



INTRODUCTION

The following report presents main insights from the Second Organizational Benchmark Study on the current state of advertising, research, and analytics. This project started two years ago, when research departments were facing a deluge of big data and head researchers began contemplating various issues, such as:

- 1. What are research departments calling themselves?**
- 2. How are they structured?**
- 3. Where is investment being allocated?**
- 4. How is staffing undertaken?**
- 5. What kind of collaborations are being made?**
- 6. How is research being evaluated?**

The first survey was conducted in 2019.¹ The findings of the survey were divided into five separate reports: “Consultancy,” “Media and Entertainment,” “Agency,” “Research,” and “Advertiser.”

The second survey, conducted in 2020–2021, completely overlapped the Covid-19 pandemic, and thus has findings pertaining to this specific period. In what follows, we present the major findings of the survey, also including comparisons to previous findings when relevant.

¹ ARF. (2020). The 1st annual organizational benchmark survey: [Advertiser](#), [agency](#), [research](#), [consultancy](#), [media & entertainment](#).

EXECUTIVE SUMMARY

The main findings in this report consist of the following:

- Overall, research was not negatively affected by Covid. Productivity, investment, staffing and new programs—all appear to be more positive than negative. Furthermore, data suggests that in larger organizations, Research became even more important.
- Like 2019, Sales is still the #1 KPI used to evaluate Research. However, Advertisers and Agencies closely focused on lift and efficiency while Media and Research companies focused on Sales.
- Current hiring practices focused on Advanced Analytics; however, Machine Learning, AI and Behavioral Economics are set to become more prominent in all sectors in the next two years. Companies report more insourcing than outsourcing.
- Among Advertisers, there is an increase of Stakeholder Value and Satisfaction with Research. This possibly reflects the importance of Research during Covid. Research departments have little collaboration with Finance. This may impact perceived ROI.

METHOD

The survey, authored by the ARF’s Analytics Council, was designed on the Qualtrics platform, first communicated in December 2020, and closed in June 2021. A full 910 responses were received from across all levels of member and non-member organizations. Of these, 562 completed 100% of the survey.

Sample: ARF members. N=562² (see Table 1 for breakdown by type of company).

TABLE 1

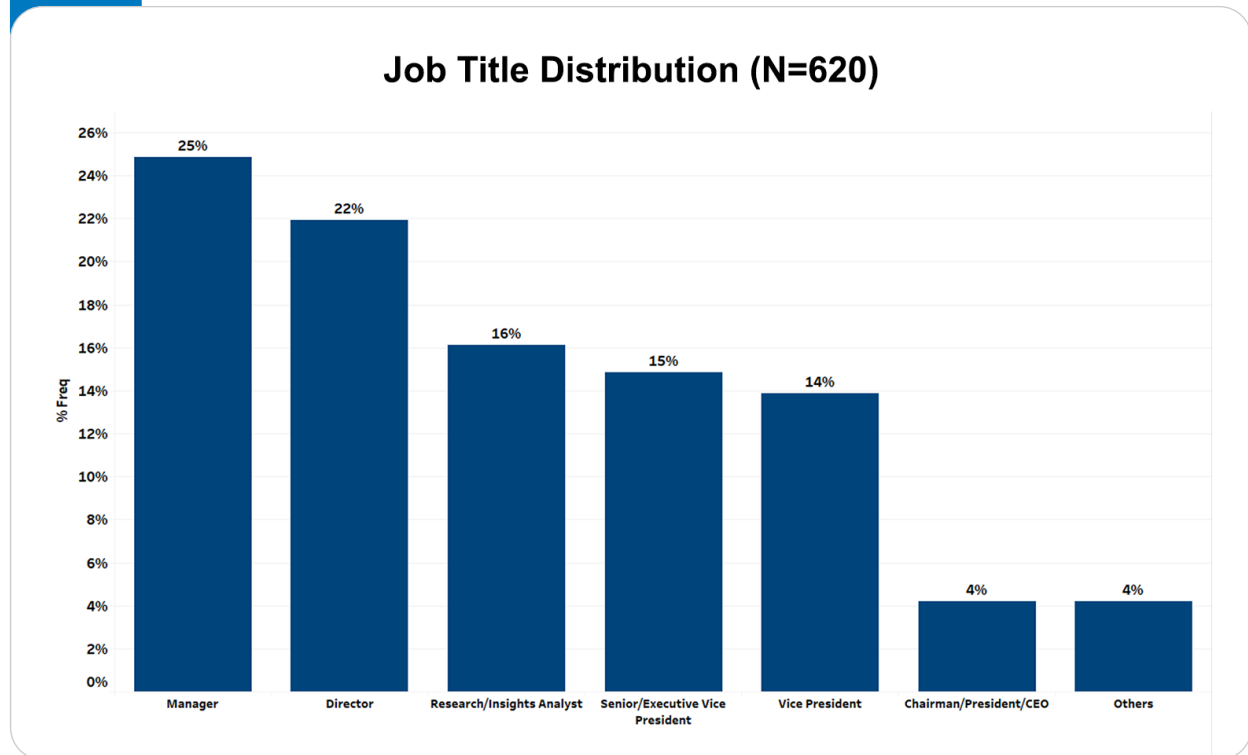
Breakdown by Type of Company

Research/ Measurement	209
Advertiser	107
Media and Entertainment	96
Agency	90
Consulting	17
Other	43
Total	562

² Analysis includes respondents who did not complete the entire survey. Therefore, responses to questions at the start of the survey will be greater than responses to questions later in the survey. Sample may include multiple responses from the same firm.

In terms of job title distribution, there was a wide distribution of more than 100 job titles. The sample mostly includes mid-to-senior levels. Almost 35% of respondents were vice presidents or higher, and 50% held either manager or director titles (See Figure 1). Only 4% of respondents held other titles such as consultant, principal and account executive. These were bucketed under “other” category for brevity’s sake.

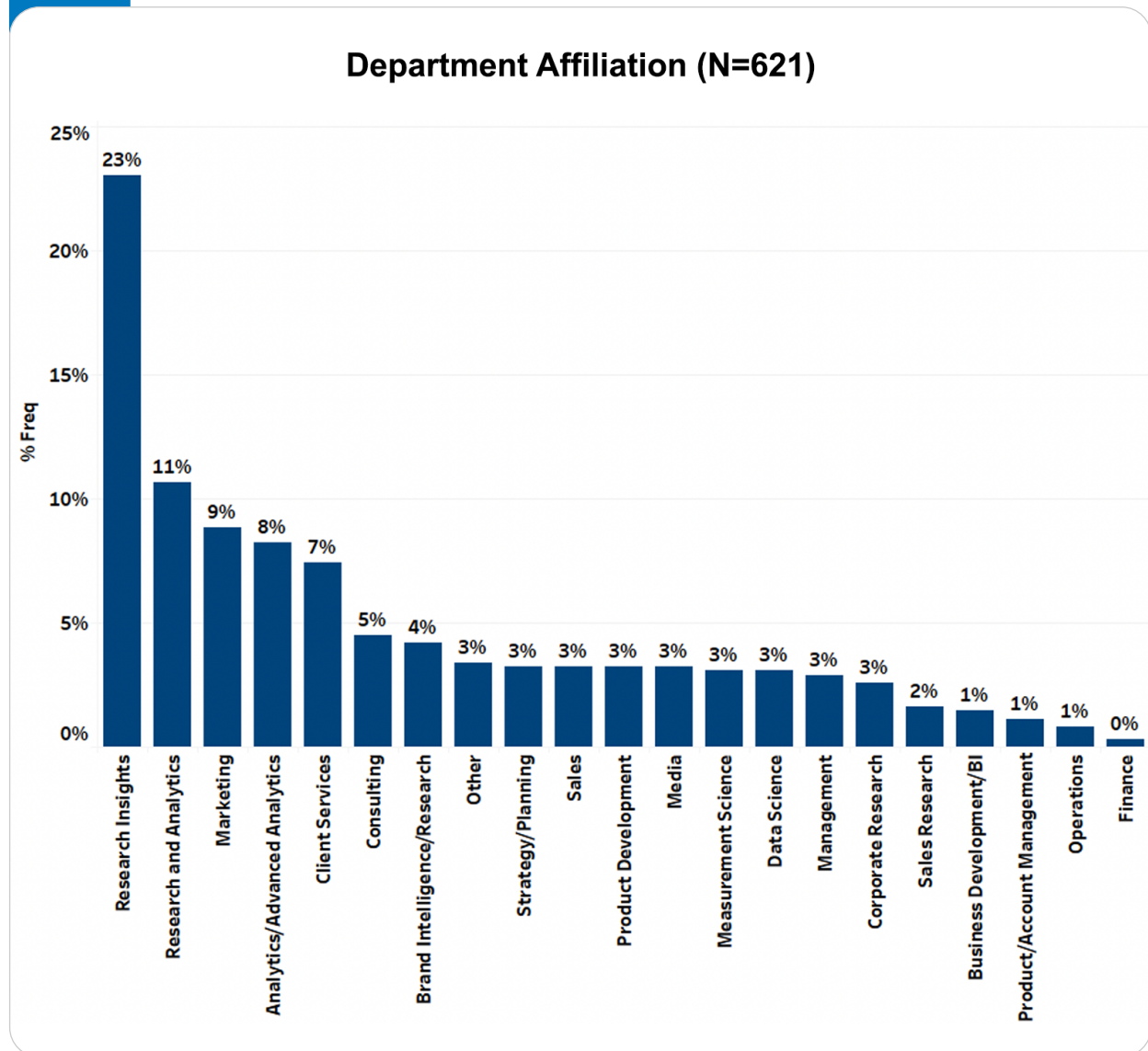
FIGURE 1



WHAT ARE PEOPLE CALLING THEMSELVES?

Twenty-three percent of respondents said their department was called “Research Insights,” and 11% called themselves “Research and Analytics.” “Research” was also part of several other compound names, such as “Brand Intelligence/Research,” “Corporate Research,” and “Sales Research.” Adding these together, “Research” appears in about 40% of the responding different department companies. Additional departments include marketing, client service, sales, etc. (See Figure 2).

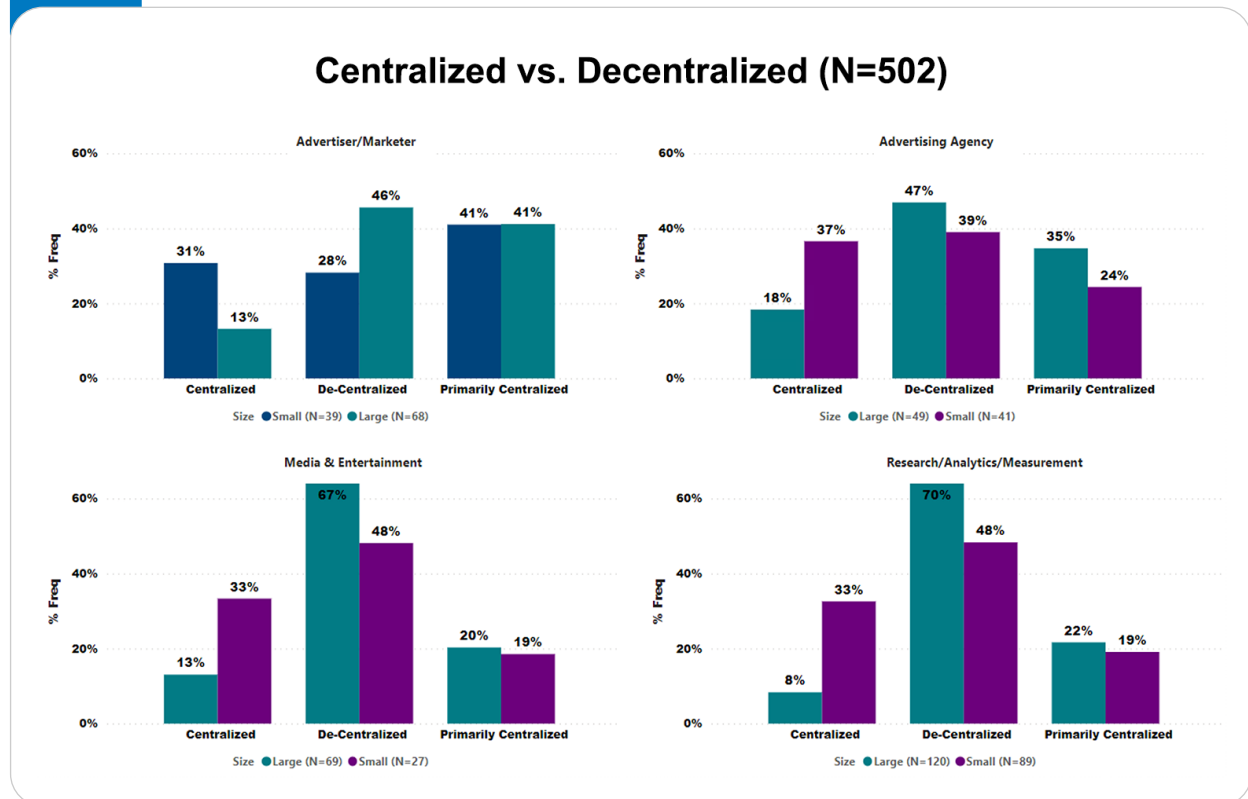
FIGURE 2



DEPARTMENT STRUCTURE

Differentiating between large and small organizations helps show how the larger the organization, the more business units it will have and therefore its research departments are decentralized, whereas in smaller organizations, most research departments are under one roof (See Figure 3). This is the case across Advertiser/Marketer, Advertising Agency, Media and Entertainment and Research/Analytics/Masurement.

FIGURE 3

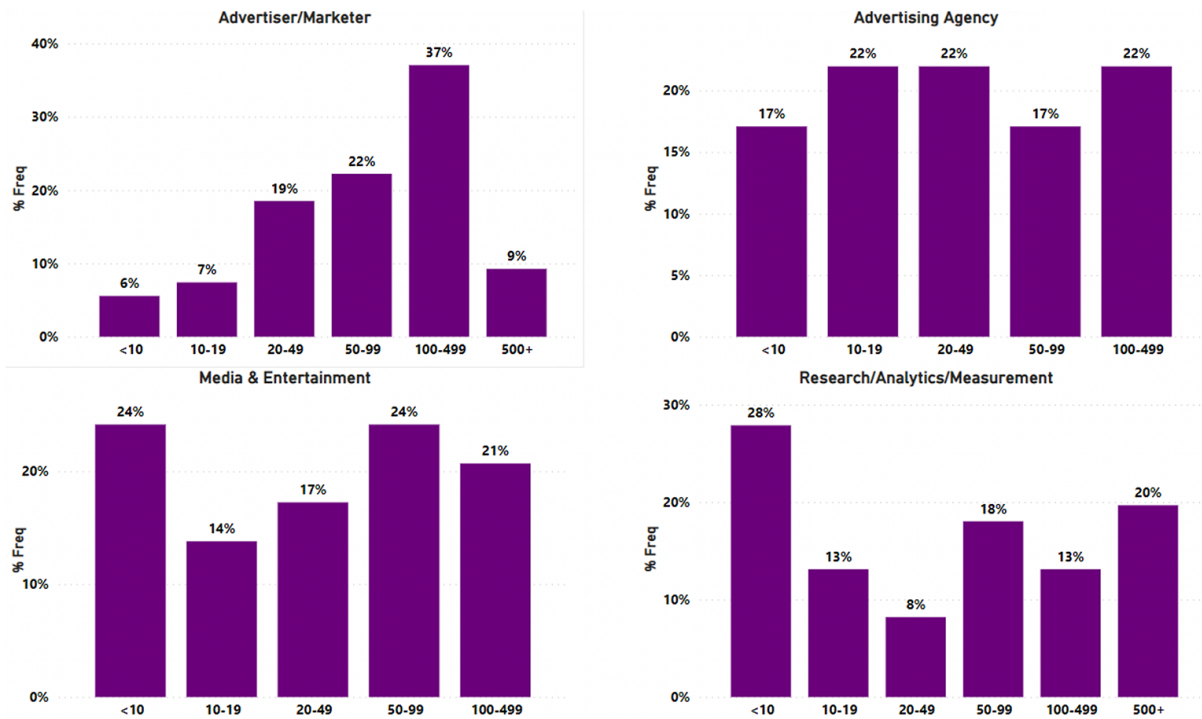


SIZE OF INSIGHTS AND ANALYTICS DEPARTMENTS

Evaluating the size of insights and analytics departments across the major lines of business for centralized and mostly centralized departments, we see the following (See Figure 4):

FIGURE 4

Number of People Who Work Full Time in Market Research/Insights or Data Science/Analytics (N=214)



Advertisers skew toward much larger Research and Analytics departments, while those departments in Agencies, Media and Research companies are well distributed across all sizes. There may be several factors that drive these results:

- Advertiser members of the ARF tend to be the larger organizations such as Unilever, P&G, GM and IBM.
- Some may include product development in their Research and Analytics organizations while others may not.
- The same can be said for Agency members but those Agency research groups are often in media planning and research which rarely have departments greater than 500.
- Thirty years ago, the major networks did have research staffs in the hundreds but no more. Social media departments are harder to classify because they likely have thousands of engineers that may be considered R&D, but none of the social media respondents saw things that way.
- From personal experience, we know that only the largest global research companies have research staffs in the one thousand or more, and that seems to be reflected in the data.

AMOUNT SPENT ON RESEARCH AND ANALYTICS

While there is a substantial increase in those spending over 20 million on research, if we net the percentages spending over 5 million, the net is 36% in 2021 and 38% in 2019. Combined, these findings show a flat expenditure (see Figure 5). Note, these data exclude Research companies because their expenditures could be considered the entire operating budget of the company.

Several factors should be considered when interpreting these data during a period of Covid, social unrest and stimulus checks:

- At the high end, many member companies, especially Media, are on multiyear contracts and therefore not likely to be able to reduce spending significantly.
- Our Advertiser members frequently discussed their changing roles. Many in CPG found themselves being diverted from their customary responsibilities of consumer insights to supply chain research, given the challenges in that space.

FIGURE 5

Company Spend on All Media/Marketing/Advertising Research and Analytics (N=120 in 2021; N=153 in 2019)



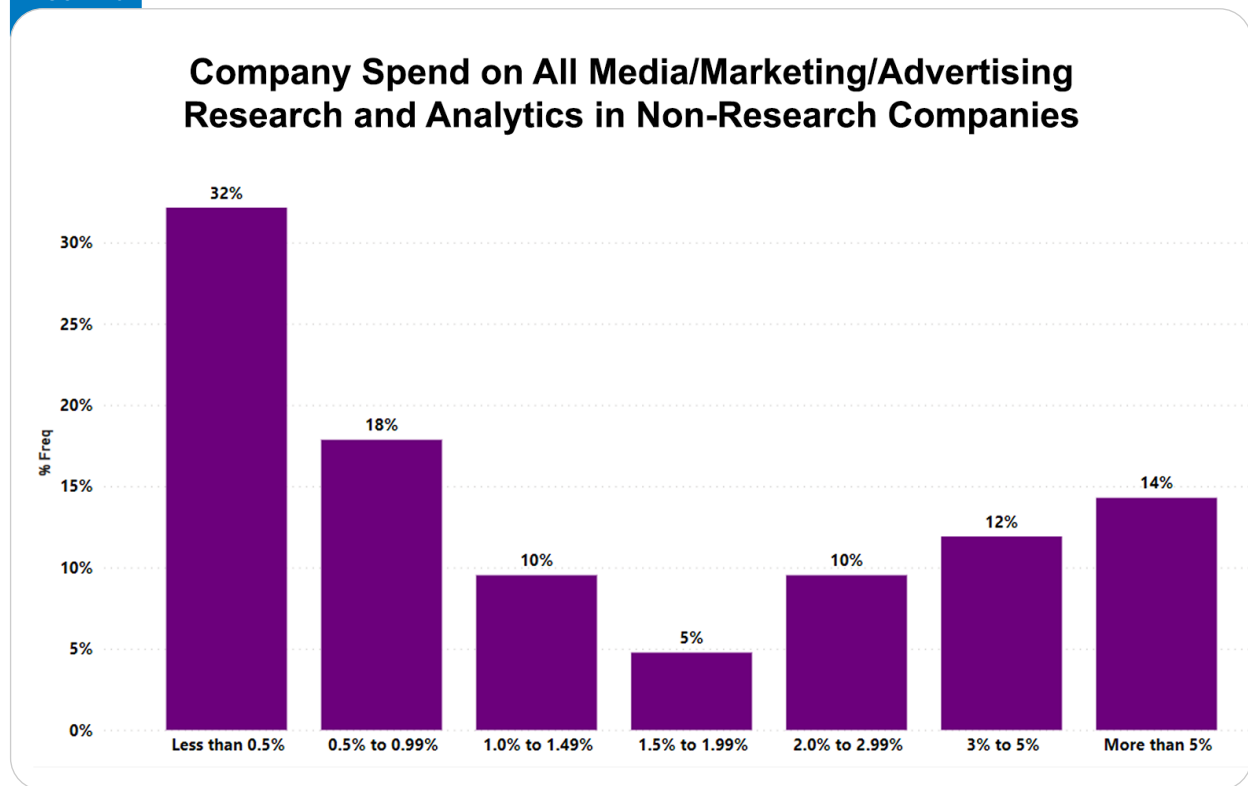
SPENDING ON RESEARCH AND ANALYTICS AS % REVENUE

Here, we asked respondents if they knew what the percentage of company revenue was spent on research. Research companies were again excluded from this analysis as the meaning would be different for these members.

Figure 6 shows that the median value is 1%. This is consistent with expectations based on trade reporting. That said, it is important to note that these percentages are often driven by the revenue in the denominator. When revenues for a major health care company exceed \$150 Billion, 0.5% nets \$750 million on Media, Marketing and Advertising Research.

The extremes in Figure 6 are largely driven by size of the revenue.

FIGURE 6



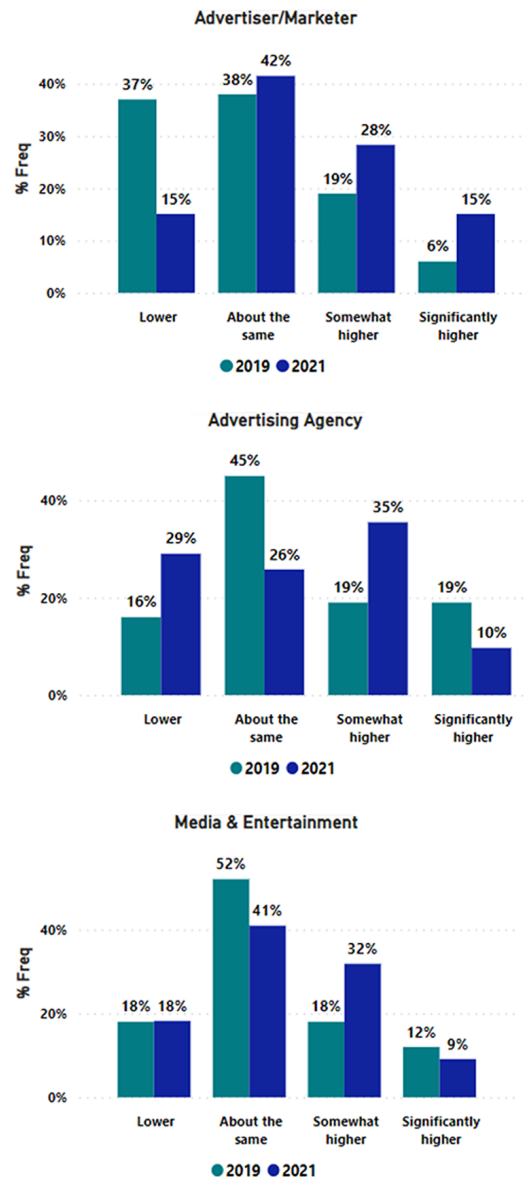
INVESTMENT IN RESEARCH AND ANALYTICS

In 2021, all three sectors, Advertisers and Marketers, Agencies and Media indicate the same or higher spend on Research and Analytics (See Figure 7).

Figures 5 and 7 together suggest that Market and Media Research spend held or improved despite a short-lived recession, Covid lockdown and the social unrest experienced in 2021. In a series of in-depth interviews, it appears that companies relied on their Research and Analytics departments for guidance in this unpredictable and uncertain time.

FIGURE 7

Company's Total Investment in Market Research/Insights and Data Science/Analytics 2021 vs. 2019 (N=106 in 2021; N=95 in 2019)

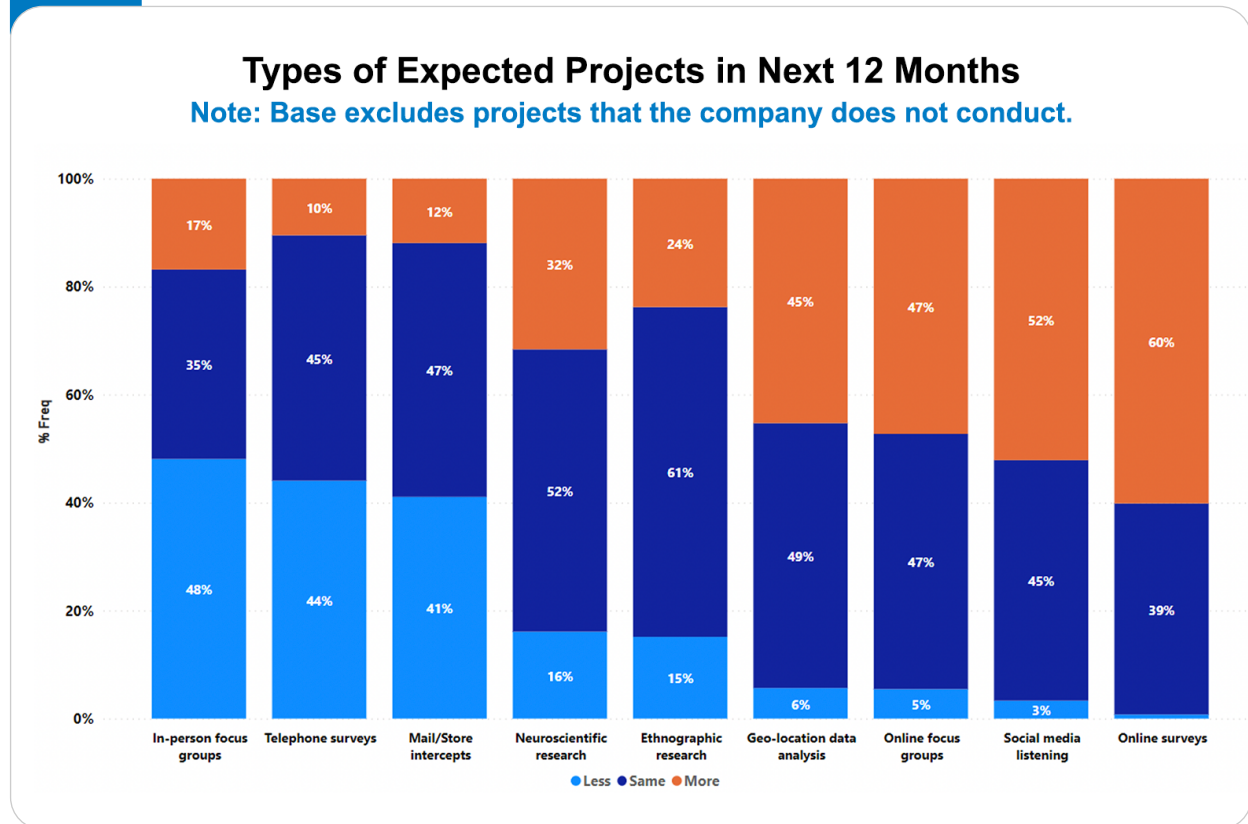


TYPES OF PROJECTS EXPECTED IN NEXT 12 MONTHS

It is easy to see the effects of Covid on the research modes that respondents expected to use: More online surveys, more social listening and online focus groups. Conversely, we see a decrease in in-person focus groups and a decrease in telephone surveys (See Figure 8). In general, face-to-face and in-person work is significantly decreasing, which is unsurprising given the Covid period.

During this time, the ARF held several sessions³ which examined the robustness of tracking studies over this dynamic period and generally found that after an initial break, trackers returned to normal after a few short weeks.

FIGURE 8



³ [Duncan, S., Franco, J., & Millman, S. \(2020, April 30\). Conducting research during \(and after\) the COVID-19 crisis. Presented at the ARF Virtual Insights Studio Series.](#)

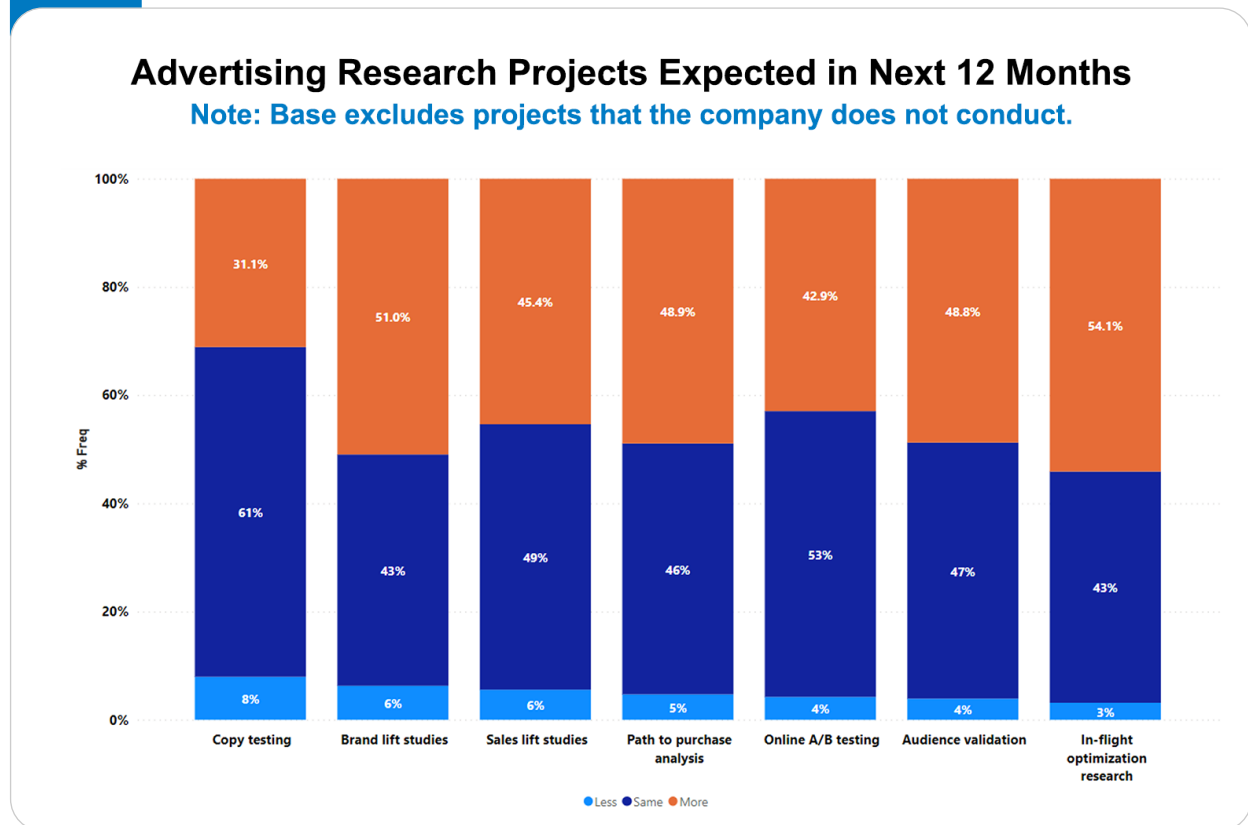
ADVERTISING RESEARCH PROJECTS EXPECTED IN NEXT 12 MONTHS

Figure 9 offers further support to the health of the Research and Analytics industry during Covid. Overall, respondents said they would do the same or more across the portfolio that we studied.

Interestingly, it does, however, seem that some respondents expected a decrease in copy testing, despite a fair amount of purpose advertising during the first period of lockdown.

One explanation could be related to the need to quickly release messages.

FIGURE 9



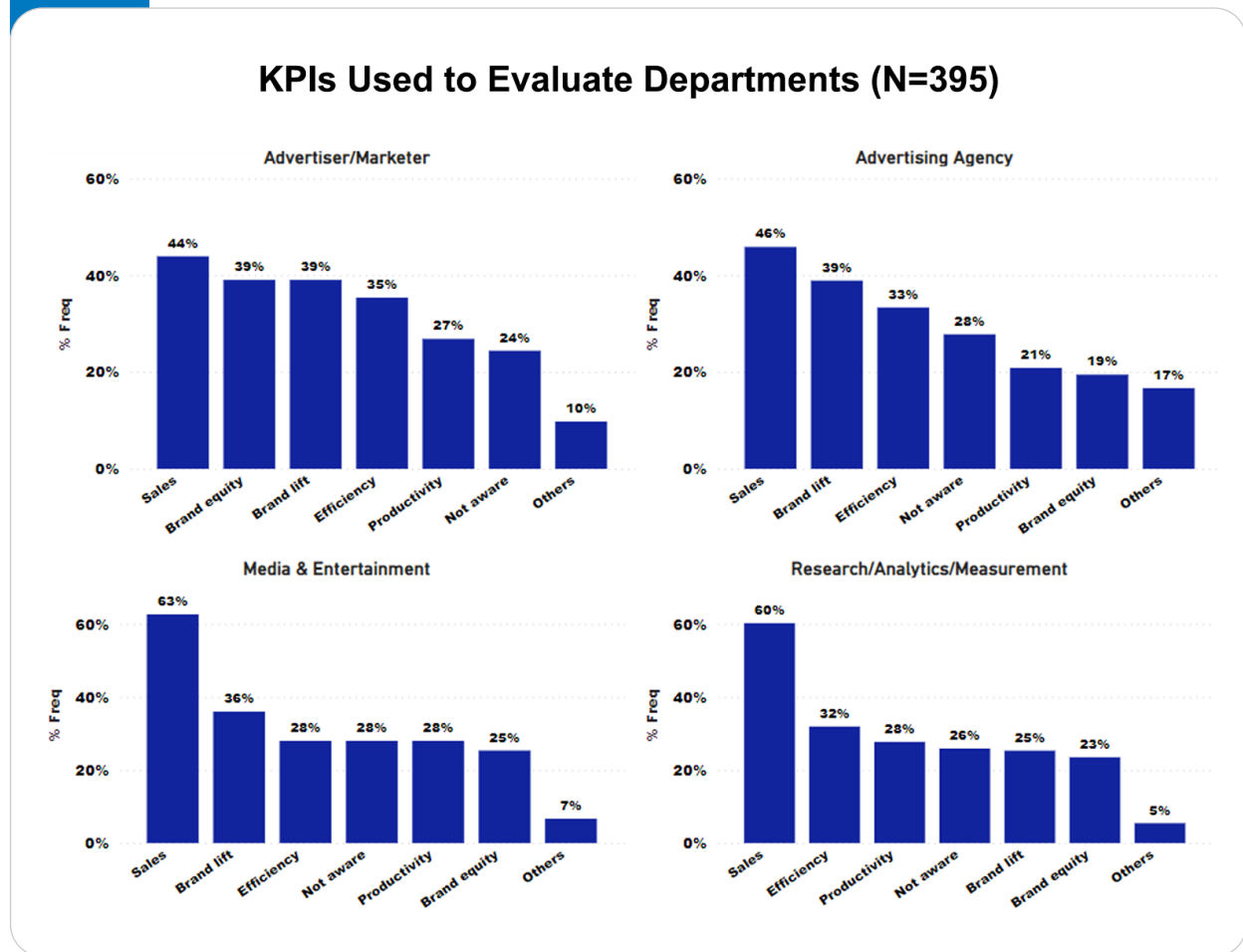
KPIs USED TO EVALUATE DEPARTMENT

Findings show a significant difference between the buy side and the sell side (See Figure 10).

For Media and Research, Sales is the number one KPI. To be sure, Brand lift and Efficiency remain prominent yet less so relative to Sales. On the Advertiser and Agency side sales is also #1, yet Brand lift, Efficiency and Brand equity are also very close to the top.

It does not come as a surprise that Marketers and their Agencies are almost equally focused on Brand. In general, Marketers and Agency respondents came from larger organizations where Brand is likely to be more valued by CMOs as stewards of the brands.

FIGURE 10



IMPACT OF COVID-19

Figure 11 suggests that Covid created a series of puts and takes. Consistent with themes expressed, 50% of respondents said they initiated new research projects. At the same time, 37% of responses show that research projects have been postponed and 24% have been canceled. Taken together, these findings show that companies undertook different research programs trying to address different consumer and supply chain environment.

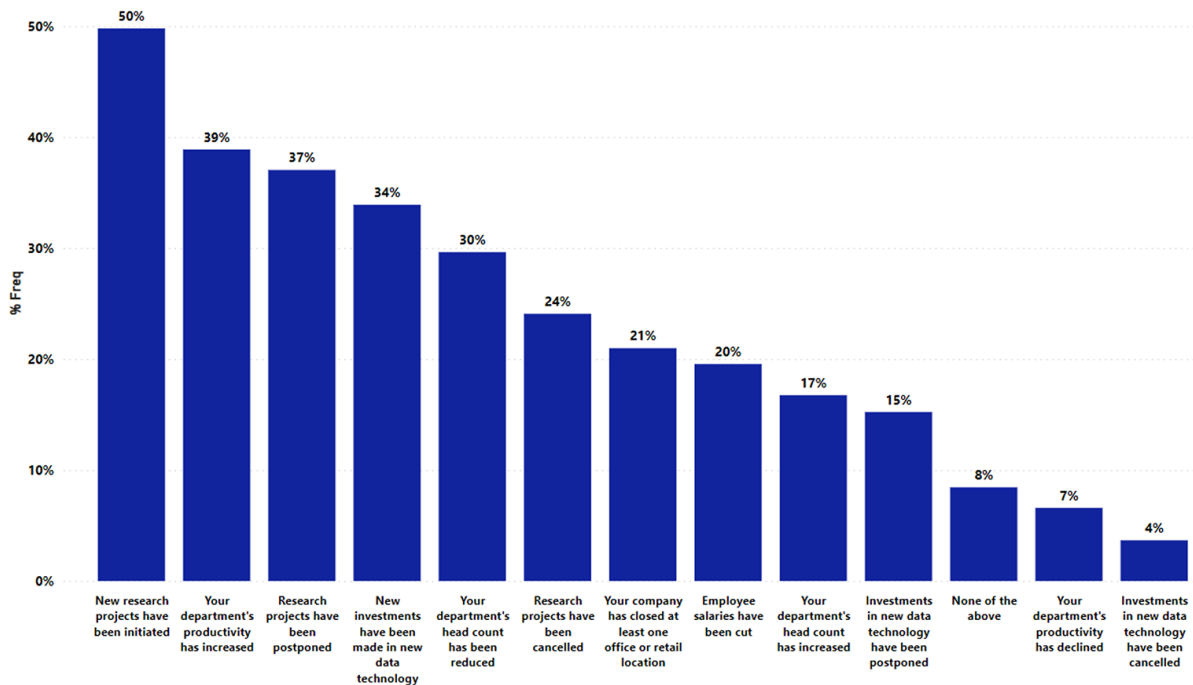
In terms of productivity, 39% say that productivity has gone up, whereas only 6% say that their department's productivity has declined.

Thirty percent say that their department's headcount was reduced, yet 16% say their headcount has increased. In more recent ARF research,⁴ we show that headcount in the advertising industry was negatively affected, in part because of "The Great Resignation," more so than other industries. That said, the advertising industry was quick to bounce back.

In the end, 2021 was a period of new projects, remote productivity, reduced headcounts and several smaller impacts.

FIGURE 11

How COVID-19 and Economic Aftermath Affected Your Company (N=486)



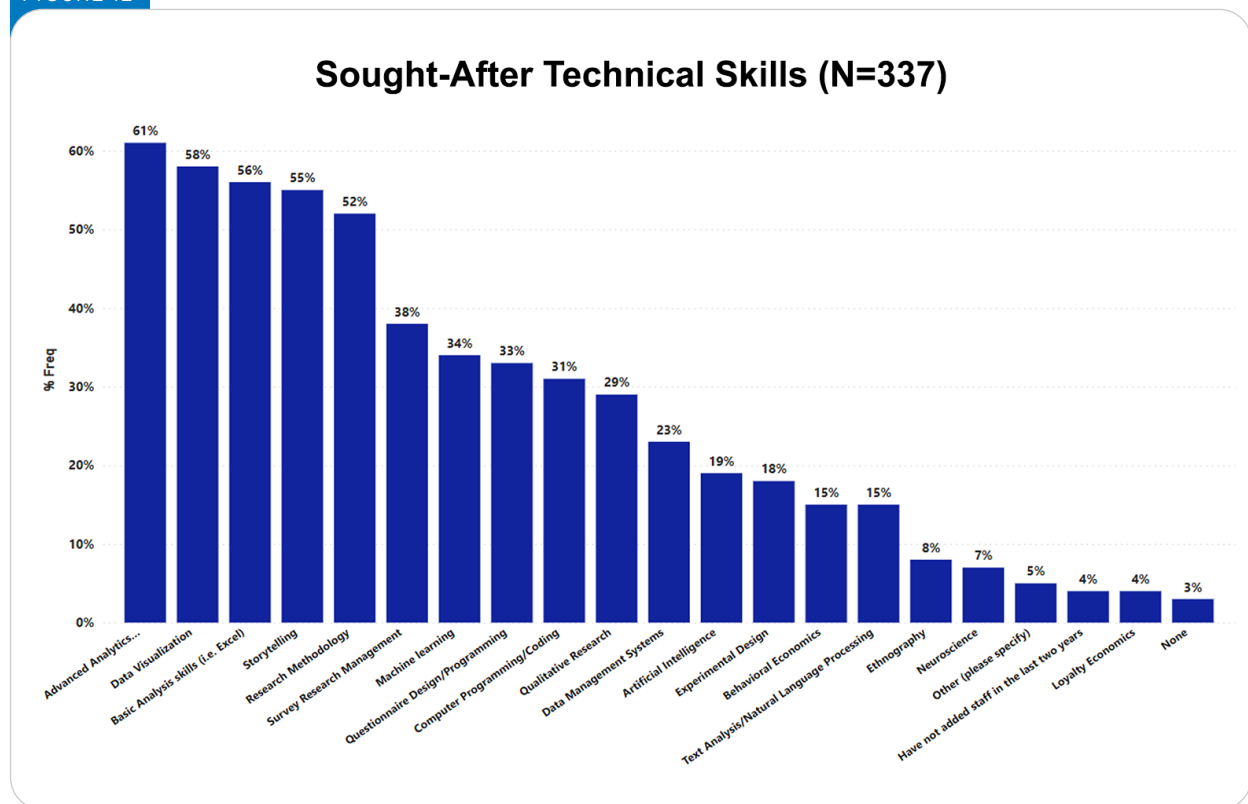
⁴ Millman, S. (2022, December 1). [The great resignation in the advertising & market research industries—is it over? Presented by the Organizational Working Group of the ARF Analytics Council.](#)

SKILLS SOUGHT IN LAST TWO YEARS

The year 2021 was not very different from 2019. The highest technical skills sought are Advanced Analytics/Statistics (61%), Data Visualization (58%), Basic Analytics (56%), Storytelling (55%), and Research Methodology (52%) (See Figure 12). In the past survey and in this one, we separated Machine Learning (34%) and AI (19%). There is overlap but put together via crosstab we reach just below 40%, placing them quite high on the list.

Less sought in the last few years are Ethnography (8%) and Neuroscience (7%). This makes sense since these oftentimes require in-person or a laboratory environment.

FIGURE 12

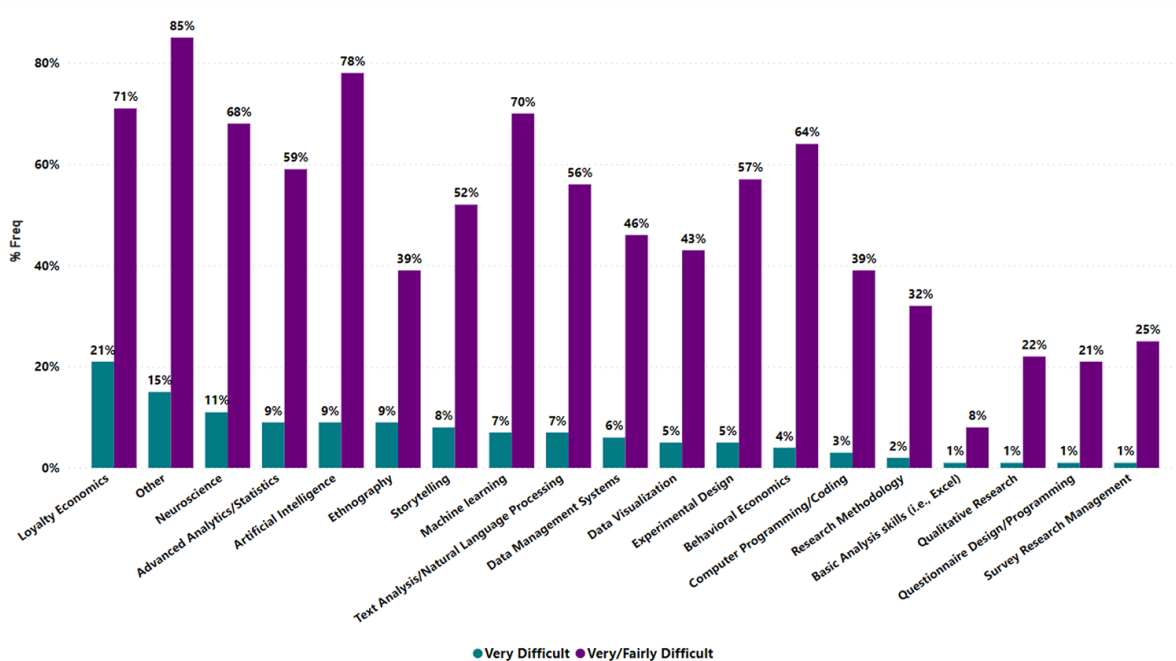


FINDING PEOPLE WITH PARTICULAR SKILLS

Artificial Intelligence, Machine Learning and Behavioral Economics are among the top of the list in terms of difficulty of finding people (See Figure 13). Loyalty Economics is also difficult to find, however, this may be related to the difficulty of defining the skill set needed for this type of method. Its easiest to find people with traditional research skills such as Qualitative Research skills, Questionnaire Design and Basic Analysis skills.

FIGURE 13

How Easy or Difficult It Is to Find People with These Skills



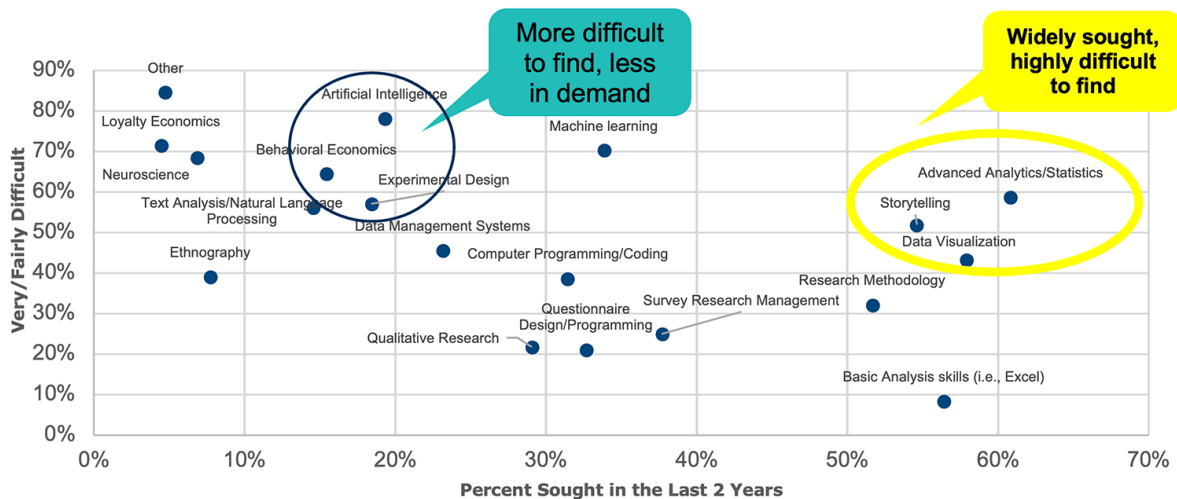
DIFFICULTY IN FINDING PEOPLE WITH PARTICULAR SKILLS

While AI and Behavioral Economics experts are the most difficult to find, these skill sets are not necessarily the most widely sought (See Figure 14).

FIGURE 14

Difficulty in Finding People with Particular Skills

Note: Base for difficulty includes only those whose departments have sought people with these skills.

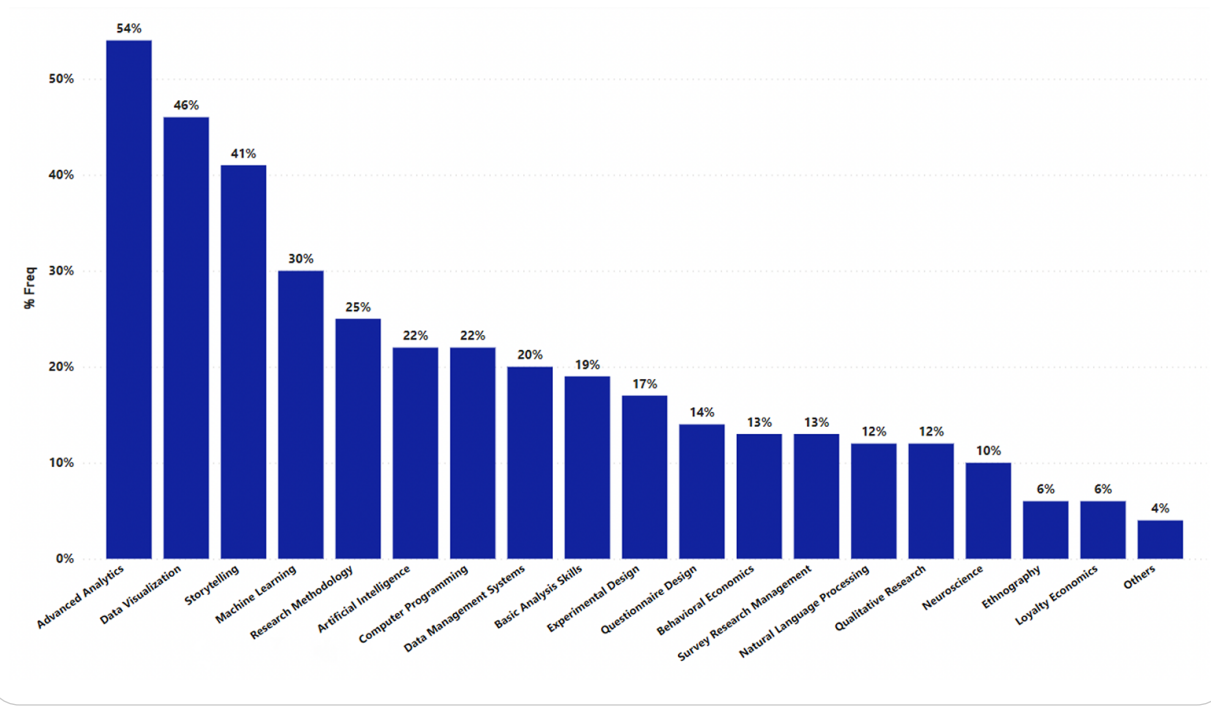


SKILLS SOUGHT IN NEAR FUTURE

We see the same skill sets sought in the future, namely Advanced Analytics, Data Visualization, Storytelling, Machine Learning and Research Methodology (See Figure 15). Notably, AI is not far behind, and if we combined Machine Learning and AI, we would reach roughly 40%, putting these as the third or fourth top skills that people are looking for.

FIGURE 15

Skill Sets Departments Have the Greatest Need for in Near Future (N=339)

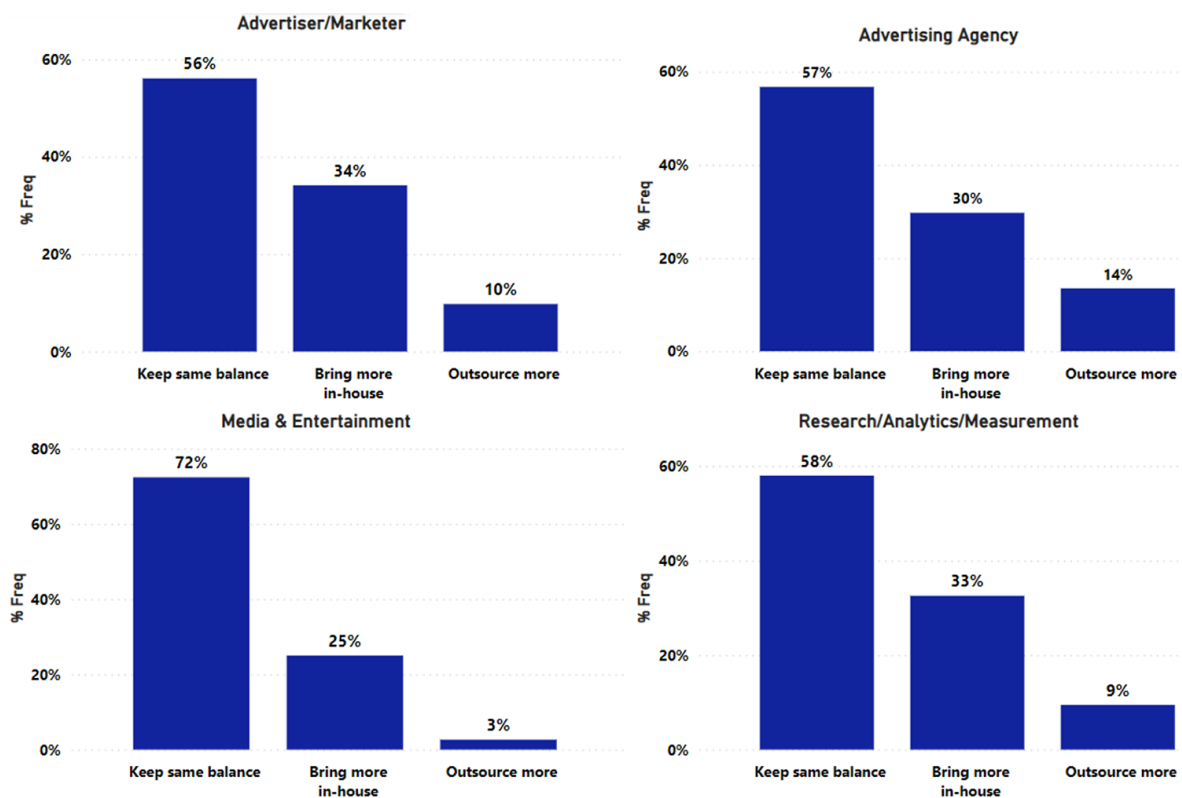


OUTSOURCING VS. INSOURCING

There is more insourcing than outsourcing in 2021. However, this trend is similar to previous years (See Figure 16). The ratio between insourcing and outsourcing is another sign to how research fared relatively well during the last 18 months.

FIGURE 16

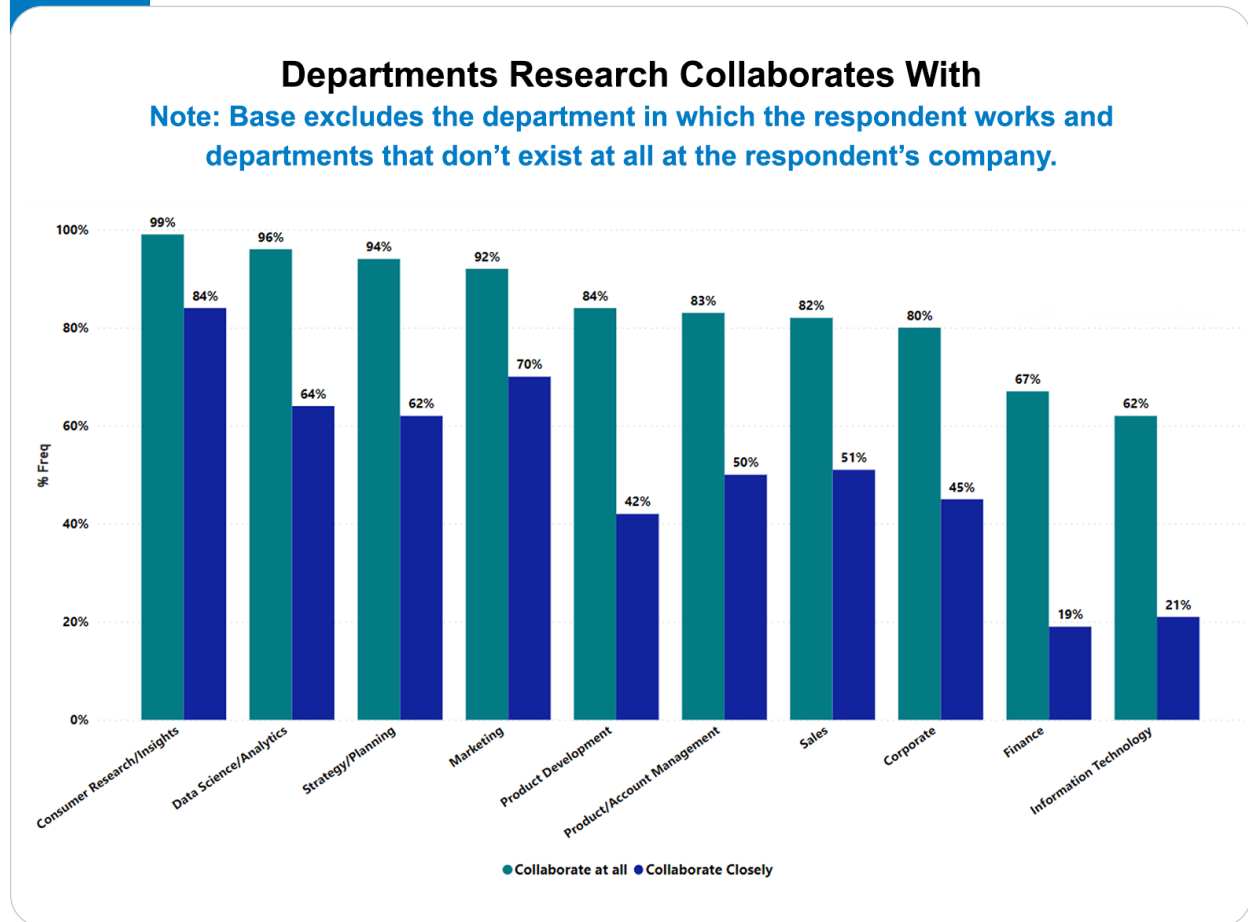
What Companies Are Expected to Do with Market Research/Insights and Data Science/Analytics in 2021 (N=448)



WHICH DEPARTMENTS DOES RESEARCH COLLABORATE WITH?

Most respondents collaborate closely with Consumer Research, Marketing, Data Science and Strategy/Planning. While there is collaboration with Finance, IT and Product Development, however, it is less likely to be close collaboration (See Figure 17).

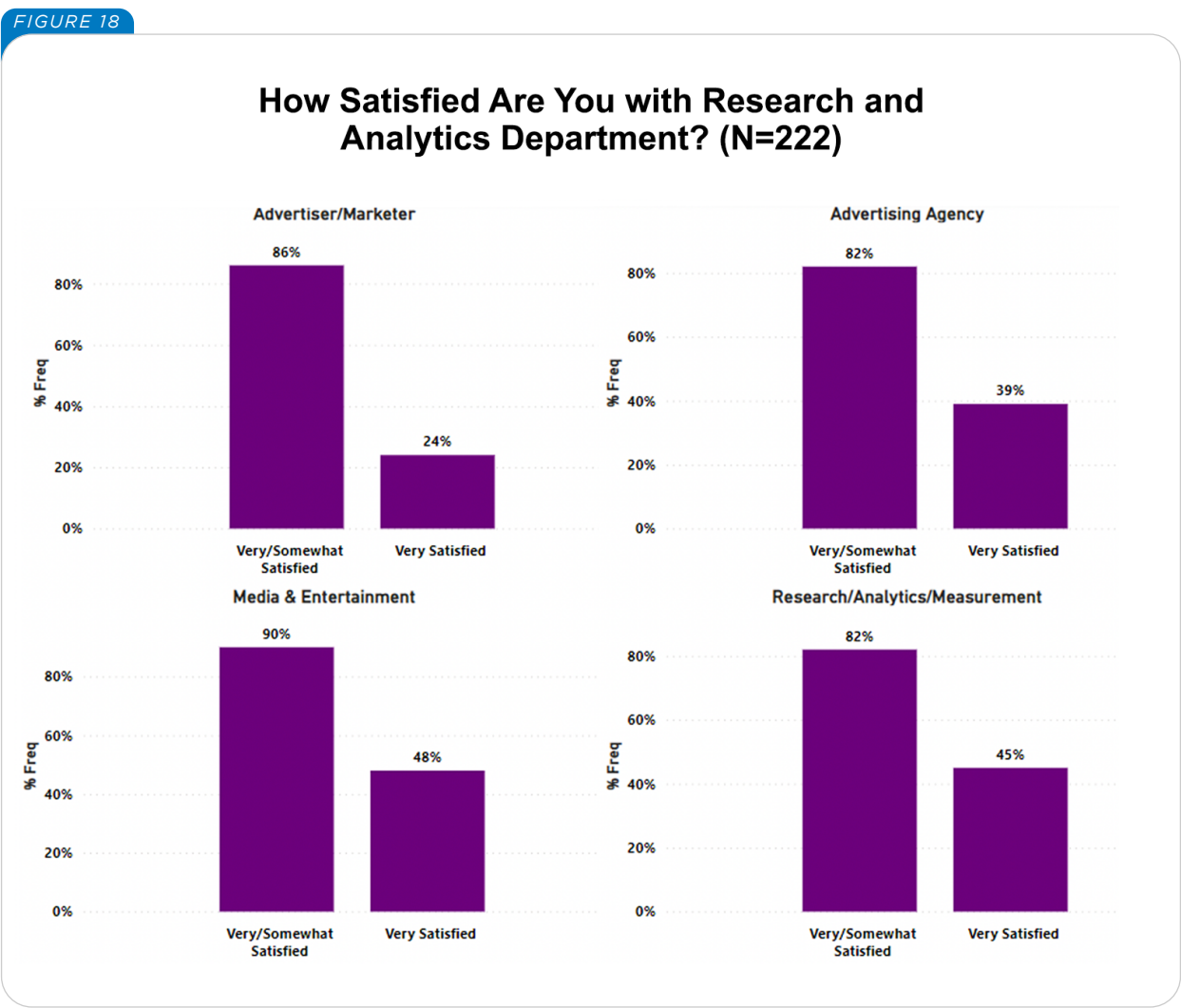
FIGURE 17



SATISFACTION WITH RESEARCH AND ANALYTICS

Since there may be differences between centralized and non-centralized companies, findings are shown separately for each.

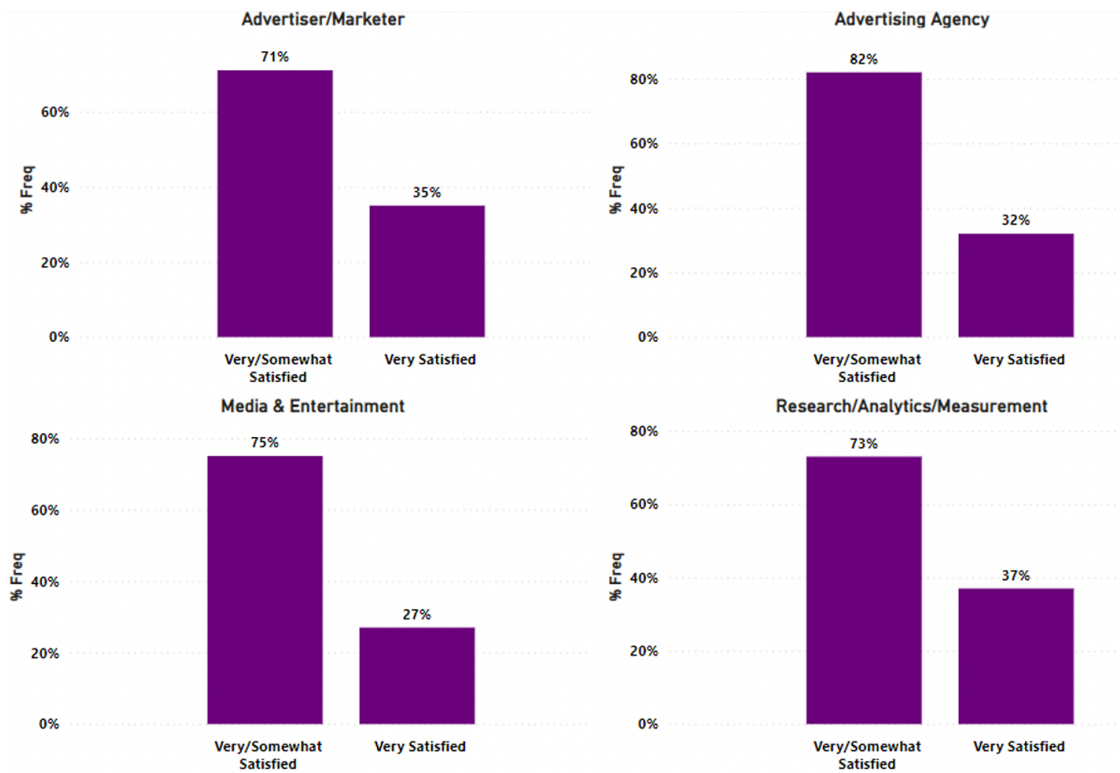
Within the companies with centralized structures, there is generally satisfaction with Research and Analytics, although among Media and Research companies the satisfaction was more likely to be “very satisfied” (See Figure 18).



In companies with decentralized structures, we generally see high levels of satisfaction, although not quite at the level of those companies with a centralized structure. While we don't know why this is, it is possible the difference is one of size. Larger companies are more likely to have decentralized structures where different research units support different business units (See Figure 19).

FIGURE 19

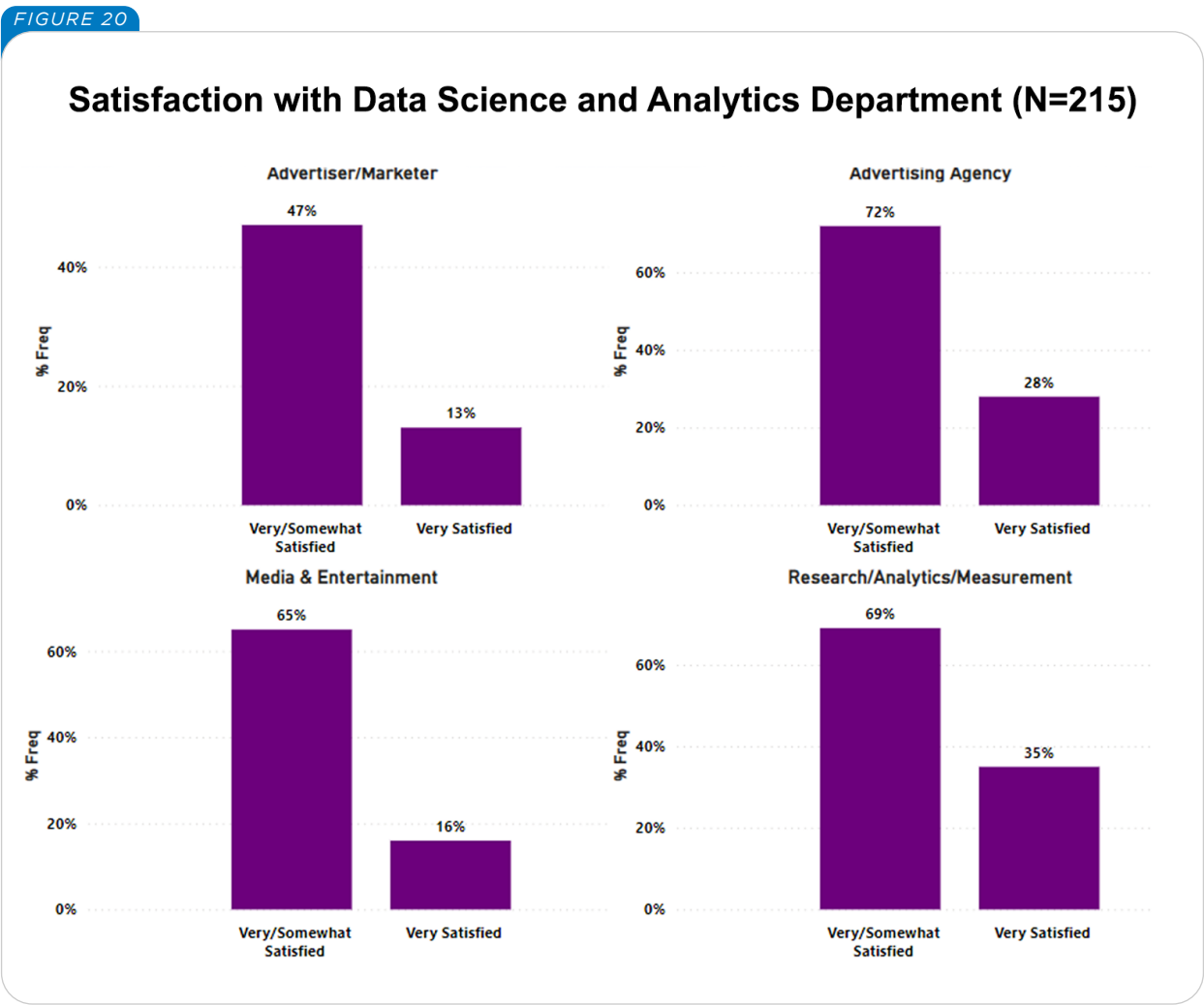
How Satisfied Are You with Consumer Research and Insights Department? (N=221)



SATISFACTION WITH DATA SCIENCE AND ANALYTICS AMONG DECENTRALIZED COMPANIES

We see a fairly significant difference in the satisfaction with Data Science across all the business sectors. During in-depth interviews, we learned that Research and Analytics are most closely associated to the subject matter expertise—specifically, being able to relate results to business decisions and performance (See Figure 20).

While Data Science and Analytics were seen as being better at handling big data, they received lower scores. This may be in part because they were seen as less capable of relating conclusions to business objectives.

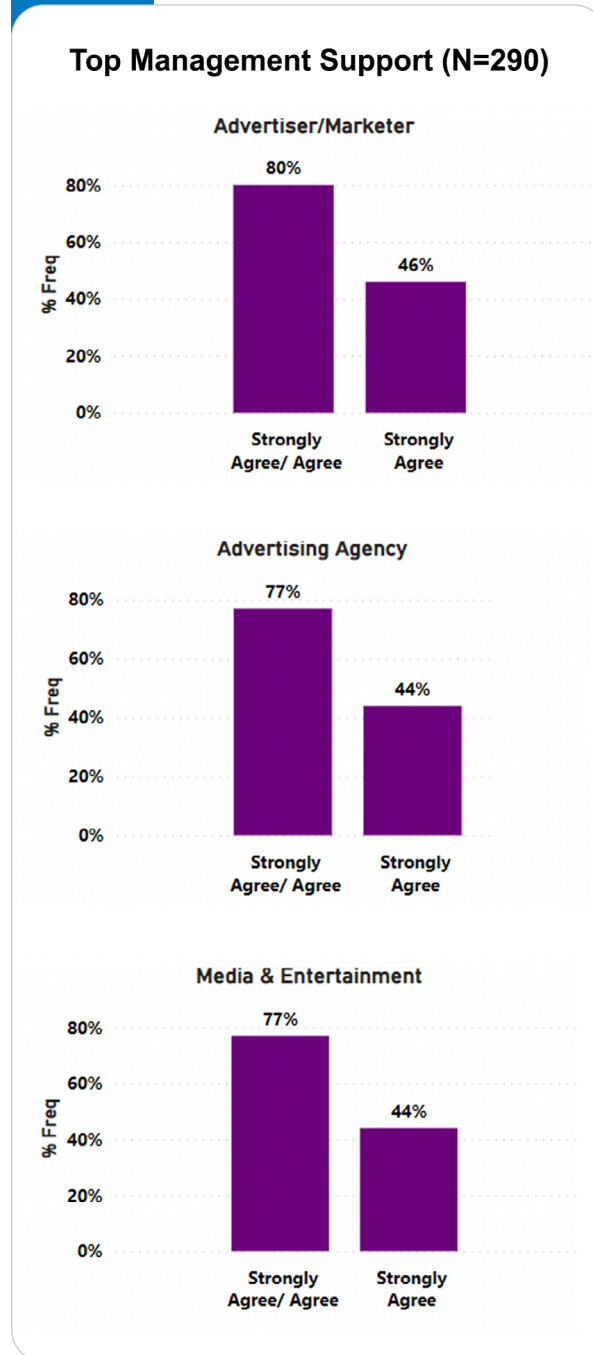


The following sections address the level of support and perceived value that Research and Analytics departments receive.

TOP MANAGEMENT SUPPORT

Generally, we see Research and Analytics are actively and meaningfully championed by the Executive Leadership Team (C-Suite Level) (See Figure 21). Research companies have been excluded from this analysis since it was presumed to be significant.

FIGURE 21

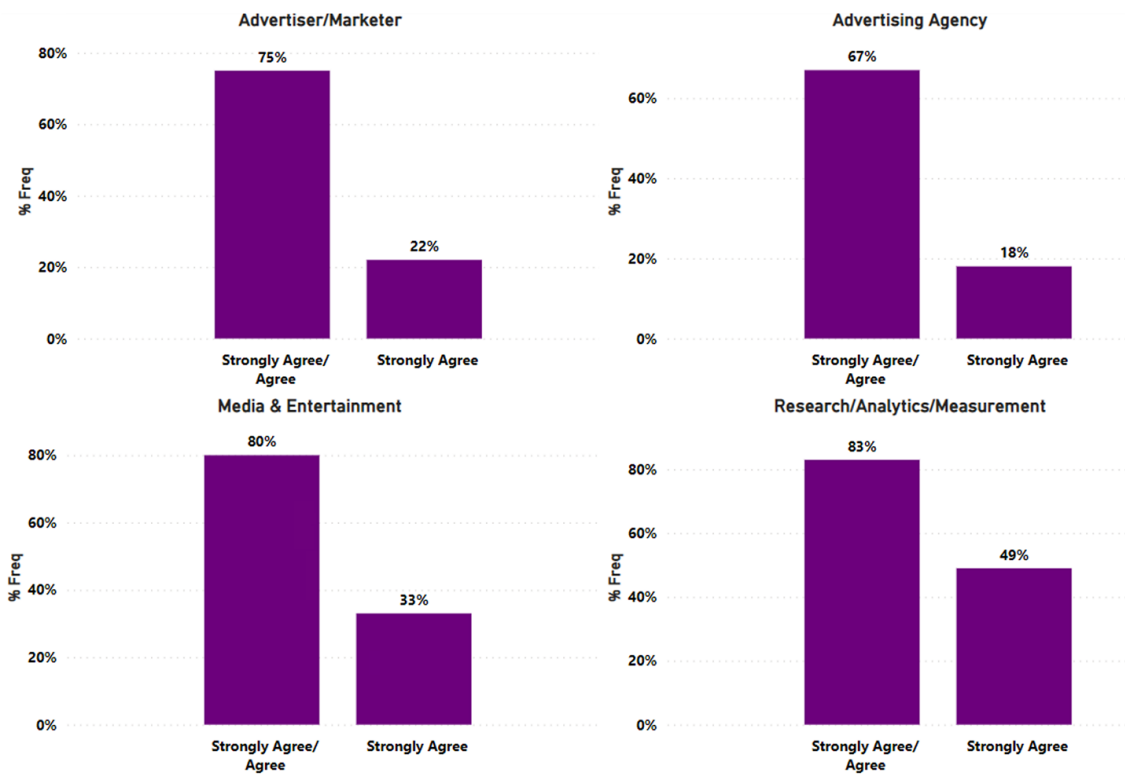


STAKEHOLDER VALUE: FINANCIAL PERFORMANCE

These results are curious in that the Agency numbers may reflect a sense that Creative is more important than Research for their client's success. We would expect Media and Research Companies to score higher on this KPI; for Media it would reflect the importance of program and sales research and of course the connection is natural for Research companies (See Figure 22).

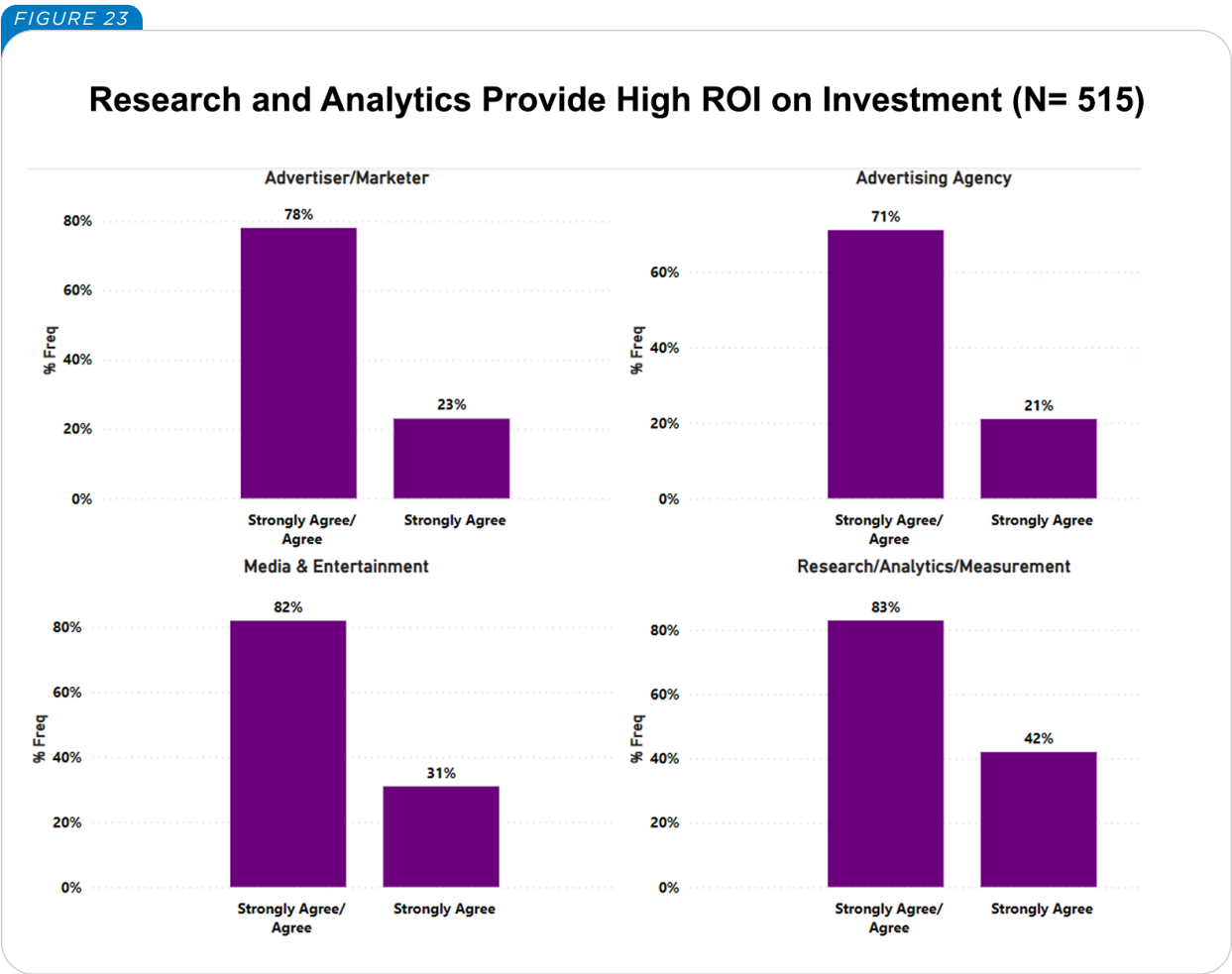
FIGURE 22

Research and Analytics Contribute to Financial Performance (N= 515)



STAKEHOLDER VALUE: ROI

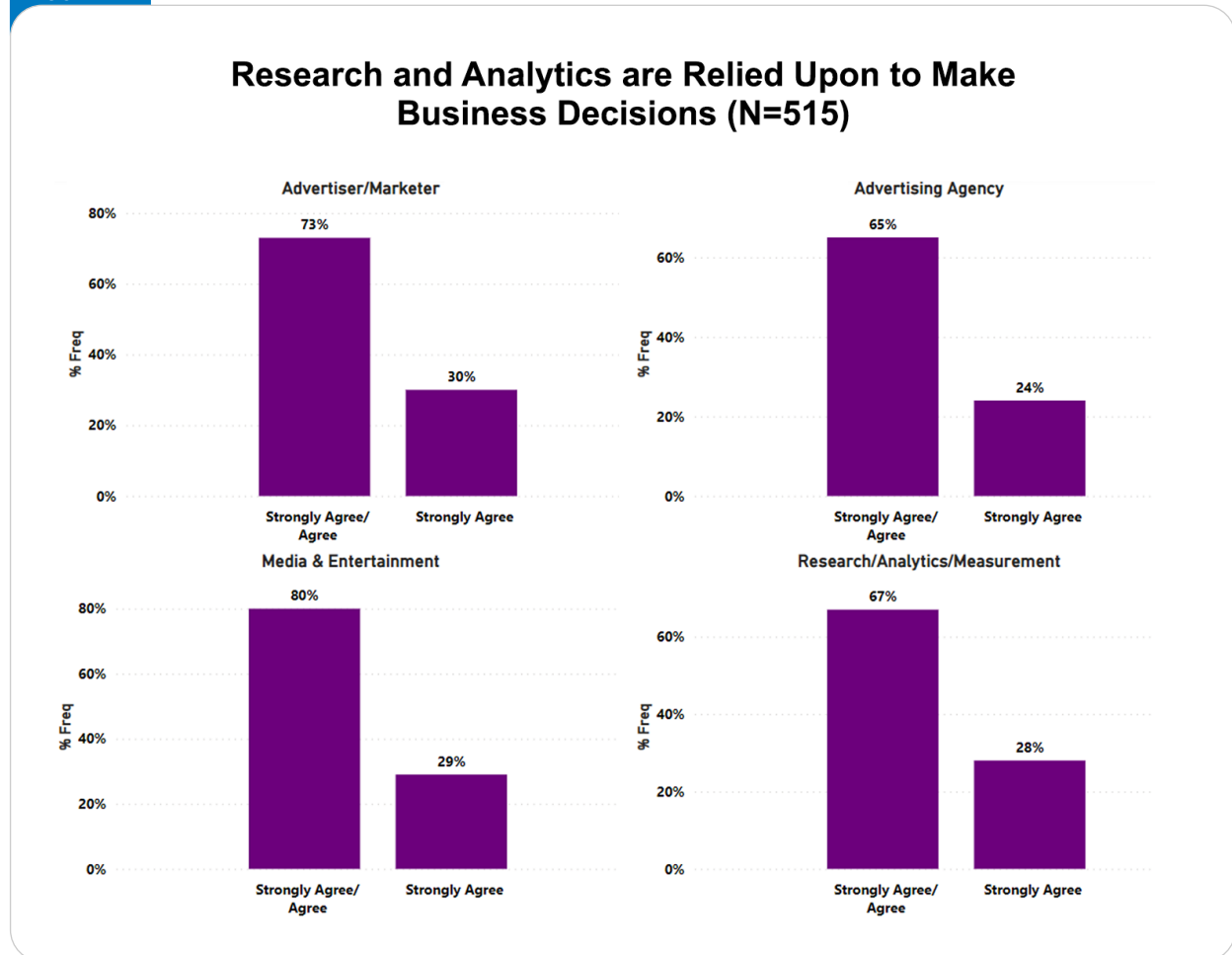
Unsurprisingly, there is a general consistency in respondents' assessment of stakeholder value when defined as ROI compared to the results for financial performance (See Figure 23).



STAKEHOLDER VALUE: BUSINESS DECISIONS

It is interesting that for Advertisers, Agencies and Media, reliance on Research to make business decisions is similar to the results on financial performance and ROI. That is not the case for Research companies where stakeholders are less reliant on research to make business decisions (See Figure 24).

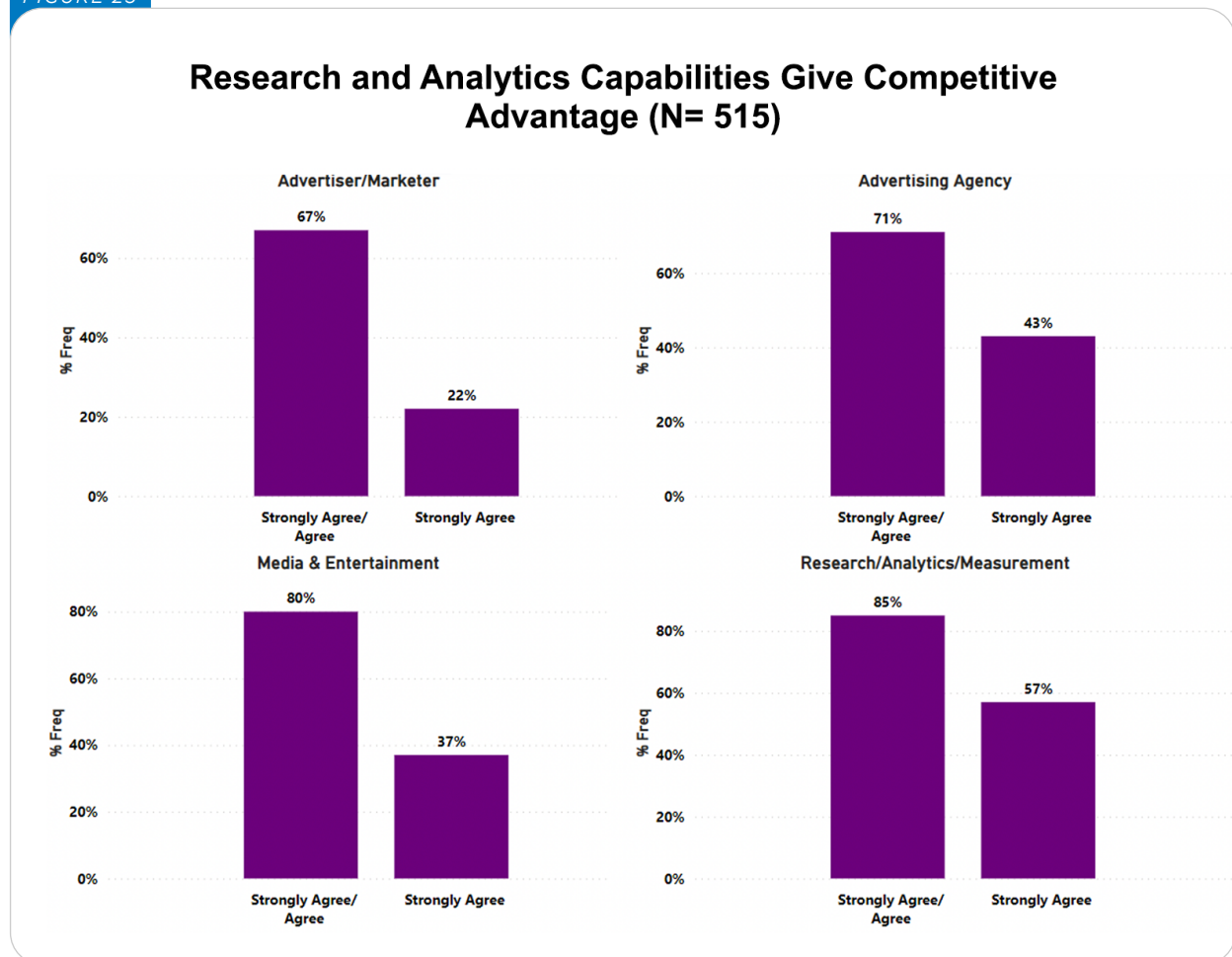
FIGURE 24



STAKEHOLDER VALUE: COMPETITIVE ADVANTAGE

Finally, when stakeholder value is framed as competitive advantage, Research is more highly valued. Research appears unique in terms of how stakeholders show that they rely less on it for business decisions (See Figure 25).

FIGURE 25



SUMMARY OF FINDINGS

The Second Organizational Benchmark Study on the current state of Advertising, Research and Analytics shows that the Covid-19 pandemic did not negatively impact Research. Rather, findings demonstrate that there was an increase in productivity, investment, staffing and new programs. This increase was even more pronounced in larger organizations.

Research continues to be evaluated through Sales. This is true across Advertisers, Agencies, Media and Research companies, albeit for Advertisers and Agencies, KPIs also focused on Lift and Efficiency.

Companies report Advanced Analytics as the focus of current hiring practices. At the same time, in all sectors Machine Learning, AI and Behavioral Economics are set to become more prominent in the next two years.

Stakeholder Value and Satisfaction with Research are on the rise among Advertisers. This may be related to the point in time when the survey was conducted and underlines the impact of Research during Covid.

Finally, data shows that there is little collaboration between Research departments and Finance. This in turn may have impact on the perceived ROI.