



Marketing Research: Then, Now and Later

Marketing research has a history in Canada that goes back at least eighty years. This article looks at the six distinct periods of its development in this country and highlights the ways in which it has changed over the past two decades.

By Chuck Chakrapani



This year's MRIA conference is billed as the fiftieth anniversary conference. The anniversary of what? One could say the fiftieth anniversary of marketing research in Canada. Yet marketing research existed in Canada prior to 1960, the year when the Professional Marketing Research Society (PMRS, a predecessor of MRIA) was born.

But when did it all start? How did it all develop?

Several years ago, I explored this question along with Al Blankenship and Hal Poole. We found a research house advertisement dating back to 1929 (see the exhibit on the next page). The company seems to have disappeared mysteriously after a few years. Now, the oldest research house still in existence in Canada is TNS Canadian Facts. It started in 1932 and, for several decades, was the largest in Canada. During the 1930s, many other research firms (e.g., Edgar District Market Surveys and Elliott Research Corporation) as well as research departments in advertising agencies (e.g., Cockfield Brown) were born. So, in reality, marketing research in Canada is at least eighty years old.

In broad terms, there are six distinct periods in the development of marketing research in Canada.

1. Pre-war years (1929–38). This is when it all started; the earliest marketing research houses can be traced to this period. Advertising agencies were among the prime movers of research during this time. *Macleans* magazine reported the results of a media study among 1,740 of its readers. Many universities, such as the University of Western Ontario, published results of marketing research surveys. By 1939, Statistics Canada (formerly the Dominion Bureau of Statistics) emerged as a broad framework for a coordinated system of data collection and dissemination.

2. War interlude (1939–45). During this period, some major U.S. firms opened

their offices in Canada: Gallup Poll in 1941, and A.C. Nielsen (by far the largest research organization in the world today) in 1944, the same year that BBM (the first major media measurement bureau) was started.

3. Early postwar years (1946–59). More research houses sprang up, and advertising agencies continued to be significant supporters of research during this period. Possibly the first qualitative research firm in Canada, Motivation Research Centre (MRC), opened for business in 1954. Ben Crow Research, presumably the first marketing research firm in western Canada, started its operations in Vancouver in 1955, the same year in which the CBC organized its first research department. Retailers such as Eaton's and Steinberg also came onto the research scene. The Canadian Advertising Research Foundation (CARF) had already been incorporated, back in 1948, while the Canadian Daily Newspaper Publishers Association (CDNPA) had fielded its first Canadian consumer survey even earlier, in 1946.

The University of Western Ontario offered its first undergraduate training in marketing research in this period. And it was a "first in the world" for the Dominion Bureau of Statistics (Statistics Canada) when it secured a computer (IBM 705) to process data, thus inspiring commercial research houses to follow suit. It was during this period, too, that support companies offering different services (field work, tabulation, data processing, and interviewing) sprang up, enabling smaller companies with limited resources to compete with larger research houses.

4. Late postwar years (1960–69). Marketing research in Canada came of age in the 1960s with the formation of the Professional Marketing Research Society in 1960. The growth of marketing research, which had started in the early postwar years, accelerated at this time. It was during this period that the first political polling (for parties) started. Many universities (including the

University of Alberta, York University, and the University of Montreal) started survey research centres. Canada's centennial celebrations, in 1967, increased interest in international tourists, thus contributing to tourism research.

5. Growth years (1970–95). During this period, the research industry continued to grow organically. More MBAs and PhDs entered the profession. Telephone interviewing replaced door-to-door surveys as the primary mode of data collection, and mall interviewing came into being. A number of industry organizations were founded: in 1972, PMB (which has been conducting magazine readership studies ever since), the Canadian Association of Marketing Research Organizations (CAMRO) in 1975, the Industrial Marketing Research Association (IMRAC) in 1977, and the Newspaper Marketing Bureau (which started NADbank newspaper readership studies) in 1979.

6. Transformational years (1996–present). The world started changing radically between the mid-1980s and the mid-1990s. And it has been changing since then, only at a much faster rate. It all started with the dissolution of the Soviet Union, the dismantling of apartheid in South Africa, and the rise of China and

India as economic forces. These major changes were occurring concurrently with sweeping technological changes. Practically nothing that affects marketing research today – laptop computers, the Internet, email, BlackBerry and iPhones, social media, online interviews, and virtual shopping – existed in any significant form during the mid 1990s. The transformation in marketing research has had less to do with marketing research itself than with the rise of technology.

While the oldest surviving research house in Canada has managed to adapt to changing times, changing ownership, and changing technology with surprising ease, the marketing research of fifty years ago bears scant resemblance to the marketing research of today – in terms of ownership, technology, methods and researchers. Most of the changes in marketing research took place, not in the first sixty years, but in the last twenty. (Many of these changes are not exclusive to marketing research, because the technological megatrend that has been driving marketing research in the past few years has been driving similar changes in other areas.) What follows is an overview of the ways in which marketing research has changed over the past two decades.

Taking the "Guess" out of Merchandising

9 OUT OF 100

We serve National Advertisers, Advertising Agents, Banks, Insuring Houses, Manufacturers, and business organizations in general, in 100 different directions. Here are 9 ways in which we have served clients recently.

1. For an internationally famous firm we made a survey of the market, which showed them exactly the amount of business they could do in every city, town and district.
2. For a new advertiser we made a report indicating the potential sales in each area, the relative position of competitive products, the possible outlets with volume of business done.
3. For a banking institution we made a survey of an industry to ascertain the effect upon it of the trend toward apartment houses, chain stores, etc.
4. For a bond issuing house we investigated the prospects of success for a new industry; this included an analysis of the consumer demand, competitive products, location of factory, etc.
5. For the largest makers of their line in the world, we make periodical checks of the relative sales positions of their products in dealers' stores.
6. Another investigation showed a client what the consumer demand for his goods is likely to be several years ahead.
7. For an influential group of manufacturers we interviewed thousands of users of their products and learned what users actually think and know about the goods.
8. A recent analysis of the Canadian Market for a new product indicated the wisdom of a radical change in the methods of distribution originally planned.
9. For a world famous firm we made a survey of cross-sections of English and French speaking dealers to determine future sales policies.

Daily we are extending the scope of our operations and our usefulness to business organizations doing business in Canada.

Can we help to solve your problems?

CANADIAN BUSINESS RESEARCH BUREAU
Sterling Tower, 372 Bay Street, Toronto, Ont.

Canada - The World's most rapidly growing Market

The Drive of Technology

Two underlying technological trends have been shaping marketing research for nearly two decades now: increases in computing power and increases in communications capabilities. A notebook in a student's backpack today is considerably more powerful than a highly expensive, room-filling mainframe company computer was thirty years ago. This advance has made a number of procedures commonplace – database analysis, data mining, high-powered statistical analysis and heavy number-crunching using spreadsheets.

Such computing power has aided a related trend: communications technology. In addition to being communications devices, smartphones are, in fact, mini-computers. How are we affected? We are moving more and more to online research; we are accessible through BlackBerrys and such, wherever we are in the world; and many functions, such as statistical analyses in large research houses, are now centralized.

Location of services no longer matters. Consultants could be in Vancouver, call centres in London, marketing scientists in Minneapolis, and data processors in Bangalore. As a matter of fact, this is how it is in many research houses today.

Rise of Research “Products”

As the number of research houses proliferated during the growth years, the competition inevitably grew, and research was increasingly viewed as a commodity – not only in Canada, but around the world. Profit margins gradually began to shrink. Many research houses responded by creating specialized “products,” which are standardized ways of solving a marketing problem.

Since these products are specific to research houses, research is less likely to be treated as a commodity. Products had repeat sales, and especially products that had norms attached to them. Without product offerings, a research house had no commercial value beyond the people

who worked for the company. Because products potentially produce a stream of revenue with predictable profit margins, they can be capitalized as assets of the research house.

Concentration of Research

These two trends – the rise of products that produce a revenue stream and the rise of technology – probably made it attractive for conglomerates in related businesses to buy research companies. And so began the concentration of research houses.

How strong is the concentration? According to Honomichl's survey, the top five research firms in the world control 500 per cent as much revenue as the next twenty firms (this takes into account the acquisition of TNS by WPP). The twenty-fifth largest firm in the world is only 1.5 per cent the size of the largest.

Why the concentration? Mainly because of economies of scale, larger companies being more cost effective. The same product can be marketed in different countries, and concentration provides the resources to do this effectively.

Internationalization of Research

As a by-product of these trends, research is now much more international. The advertising testing method used in New York is available as easily in Mumbai. The data collected in Winnipeg could be processed overnight in Poland. Many research houses in North America are now owned by European conglomerates (as a matter of fact, three of the world's five largest research conglomerates are in Europe). Except for a few exceptions such as Environics and Leger Marketing, there are few Canadian-owned research houses that are “large.”

The Birth of MRIA

The trend towards consolidation did not leave the industry associations untouched. In 2005, three associations – PMRS, CAMRO and CSRC – merged into a single organization. To assess the growth of our industry, let us

compare the figures for PMRS in 1980 with those for MRIA in 2010.

	PMRS (1980)	MRIA (2010)
Research houses*	40	270
Membership (individual)	400+	1600+
Budget	\$20,000+	\$2,000,000+

Note: All figures are approximate and rounded.

* As per the directories published by PMRS and MRIA.

MRIA has become a strong voice of the industry. The association is now an educator, a professional certifier, an advocate for the industry, an arbiter on professional ethics, and a defender of professional interests. And it has more diverse and dispersed leadership, nationally, than ever before, with its first president (Don Mills) from the East and its current president (Ed Gibson) from the West.

Gazing into the Crystal Ball

While it appears that the massive restructuring of the research industry is nearly complete, the same cannot be said of the megatrends now underway in technology and society. They could profoundly affect marketing research in the next few years. Who could have predicted the rapid rise of online research fifteen years ago, or the importance of social media even five years ago? Maybe in the future it will be possible to understand consumers by analysing social media and databases, and by using who knows what new tools – without ever talking to the consumers directly. The Google era makes anything seem possible. These are exciting times for marketing research.

Dr. Chuck Chakrapani is at Ted Rogers School of Management, Ryerson University. He is president of Standard Research Systems, chief knowledge officer of the Blackstone Group in Chicago, member of the board of directors of Marketing Research Institute International at the University of Georgia, and member of the academic committee of Leger Marketing. Chuck is a fellow of the Royal Statistical Society and a fellow of MRIA. He has held academic positions at the London Business School (U.K.) and at the Universities of Liverpool, McMaster and Guelph. He is the editor of Marketing Research, a quarterly publication of the American Marketing Association.