SIMON MYERS

2023 MARKET RESEARCH TREND REPORT

Insights from Our Attendance
at the 2023 Chicago Quirks Event

WE ARE SIMON/MYERS.

Where eye-opening data meets heart-stirring creative

Welcome to our 2023 Market Research Trend Report. As a data-inspired creative agency, we treasure the impact of research on our creative product. For us, data and insights take the hunch out of the process, replacing it with rigor and validity.

To that end, we watch the research landscape like a hawk. Today's tools are in rapid evolution; each new technology helps us inform our craft more thoroughly. We owe it to our clients, and ourselves, to embrace the best in research as it arises.

So settle in for the very latest from our attendance at the 2023 Chicago Quirk's Event, and let's get our nerd on together.

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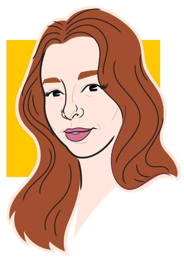

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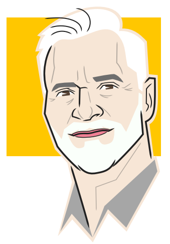

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Simon/Myers is a Chicago-based creative agency providing transformative work to national brands. Among our services:

Branding (from brand identity to sales support to full campaigns)
Digital (from social strategy to content creation to site design & UX)
Experiential (from displays to showrooms to event experiences)
Consulting (from quant/qual research to long-range planning)

If it sounds like Simon/Myers could be a good fit for you, let's talk:

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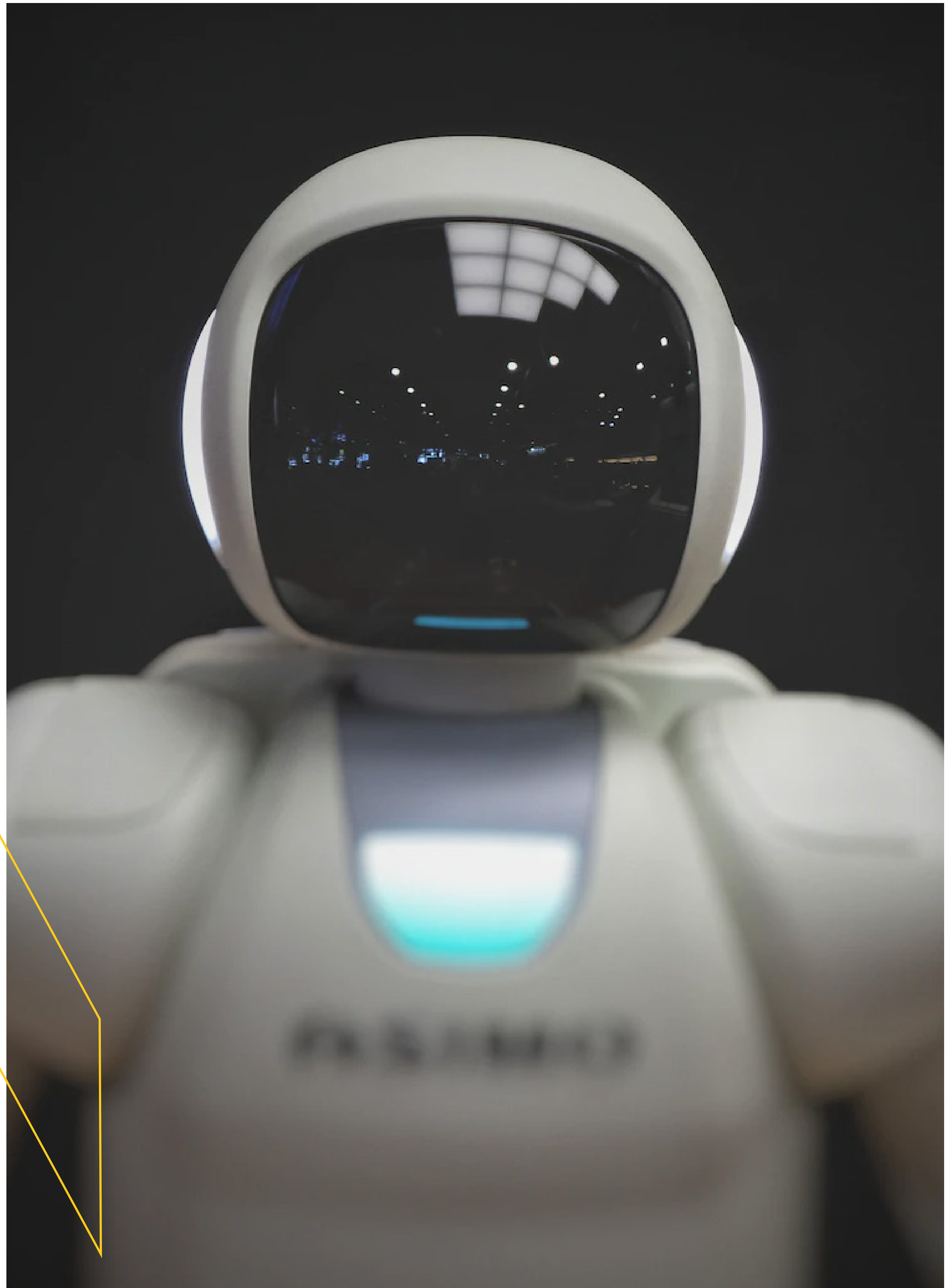


TREND 1

RISE OF THE MACHINES

The path, benefits, and cautions of mainstream AI in market research

AI tools like ChatGPT are becoming mainstream, according to companies like Zappi, MarketLogic, and iResTech, carrying significant positive implications for market researchers while also coming with their own cautions.

Whether spearheaded by Microsoft, Google, or other competitors, AI tools will become incredibly useful resources for market researchers, assisting with everything from questionnaire development to industry audits to data analysis and synthesis. Where research intersects with marketing, ChatGPT and its ilk can also help summarize and analyze customer feedback at scale and craft marketing messages. At their best, these tools will free up research and insights teams to focus the majority of their time on higher level strategic thinking on behalf of their companies and clients.

However, with great power comes a myriad of risks. Those risks span the gamut of concerns, from fraudulent, AI-powered qualitative responses to biased data sets that lead to biased conclusions, and a thousand vulnerabilities in between. That's why it will be more important than ever to have technological solutions and quality assurance processes in place that catch and correct these issues before they make an unintended impact on your market research conclusions.

TREND 2

ALL TOGETHER NOW

The growing importance of engaging stakeholders throughout the research process

Market research has a history of siloing itself away as it works to deliver its findings to internal teams and clients alike. But in 2023, the tides are starting to shift as we recognize the value of bringing stakeholders along throughout the entire research journey.

With marketing, sales, product, and other teams fragmenting more than ever in the channels vying for their time and attention, companies like Kelloggs are investing in drawing a wide swath of teams into the research process. The reason, according to their Senior Manager of Shopper Insights, Leslie Ludwig, is so that “they have skin in the game and can help sell the result into the organization.”

Of course, stakeholders need not take on the heavy lifting of research. Instead, focus should be placed on collaboration. Instead of waiting for a final shareout, research teams and their partners should give stakeholders the opportunity to provide feedback during each stage of the research process, even as tactical findings are preliminary or conclusions undefined. The goal? To uncover white space and blind spots that may help refine the final research results while ensuring better organizations buy-in across the board.

TREND 3

THE SUSTAINABILITY OF SUSTAINABILITY

Why do consumers not act on their stated desire for sustainably produced products?

Sustainability is not a first-order need for consumers, and even the biggest brands like Nestlé and PepsiCo are struggling to get consumers to put their money where their heart is.

Researchers continue to find that, when asked about their desire for and willingness to purchase sustainably produced products, consumers express a high level of investment, even as that level varies by category and product. However, driving sales conversion on those attitudes remains elusive across industries.

Because of this, insights teams like those at PepsiCo are hungry for more industry collaboration. According to Kaity Marston, a Senior Research & Development Manager for Sensory & Consumer Product Insights at PepsiCo, they're looking "to better understand the total value proposition of sustainability for consumers, how sustainability is being received by consumers globally, and how to break the question of sustainability apart in order to measure the rate of change over time."

While the answer to these and related questions is as of yet unclear, there is a growing sense that researchers across the industry may finally be able to move the sustainability needle with consumers if we all put our heads together to make the most impact for the planet.

TREND 4

A STATE OF PERMACRISIS

As consumers face unending crises, emotional needs takes center stage

Faced with “permacrisis,” i.e. an extended period of instability and insecurity coupled with catastrophic global events, researchers need to be more focused than ever on understanding the complex emotional needs and desires of consumers who feel little certainty in most areas of their life, including their spending.

According to GWI, “Instead of asking, ‘What does a recession look like?’, researchers should instead be asking ‘What does a recession feel like?’”. While a subtle shift in both perspective and terminology, the outcomes could be transformative for brands and marketers alike. During times of permacrisis, consumers experience increased confusion in multiple areas of their life, including in their approach to budgeting and shopping. Rational drivers of consideration are often overcome by less clear, and much less consistent, emotional drivers to satisfy short-term felt needs.

When dealing with a climate of ongoing hard times, researchers should focus more attention on how to make consumers feel good, even if through small luxuries or treats, instead of looking at surface level considerations of price or promotion. While consumers may be more risk-averse and price-conscious, consumers’ frugal attitudes aren’t straightforward, and they’re willing to make substitutions and cuts in some areas in order to make room for certain high quality or pricier rewards that satisfy their felt needs.

TREND 5

DEEP THOUGHTS

A rising need for more sophisticated – yet flexible – shopper insights data and analysis

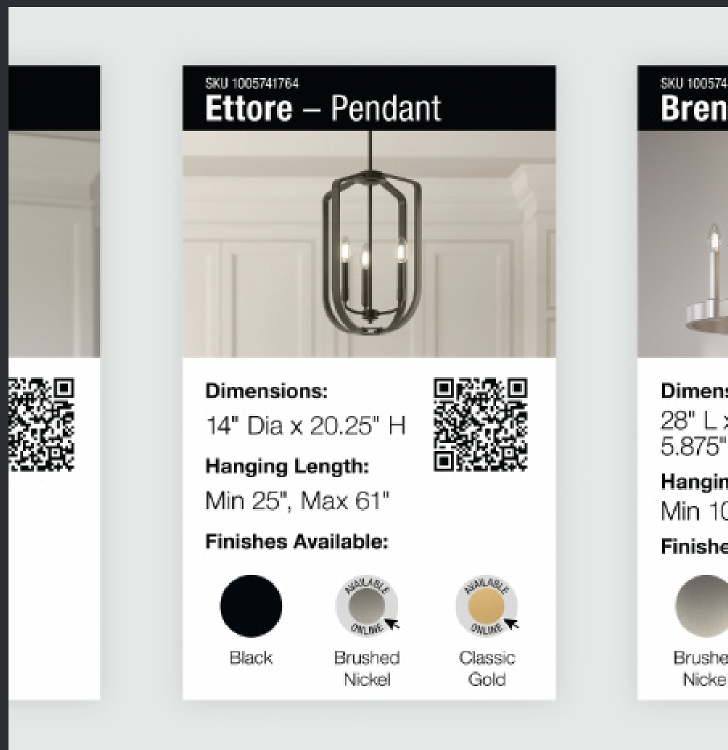
While we have all been living in a world of sophisticated, palm-of-your-hand digital solutions, the application of that sophistication to data-gathering and insights generation has been slower to find its way into market research solutions. But because the world of retail shopping, both in-store and online, is more fragmented than ever, there is a growing demand amongst brands for research solutions capable of delivering flexibly sourced data at quantity and strategic partners who can sift through the noise to surface transformative insights.

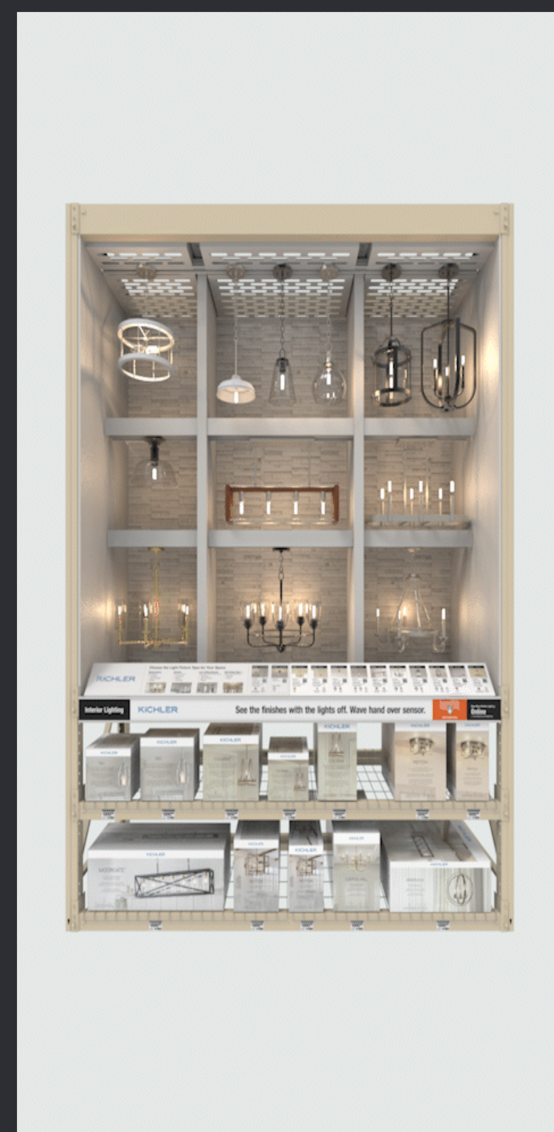
To see how this type of flexible, authenticated data can be put into action, check out the case study on the following page. Simon/Myers helped Kichler Lighting gain a significant presence in The Home Depot by making a research-backed case for an upscale, in-aisle/online experience.

According to Melisa McGregor at Kraft Heinz, the lack of a common architectural framework for grocery shoppers' online behavior made it difficult to improve on-platform brand performance while answering critical questions about shoppers' user experience. Similarly, Carolyn Matlock of White Claw needed to develop a data-backed pack strategy to regain 6-pack shelf space that had been lost due to retailers' preference for the larger variety packs.

These insights leaders looked beyond more traditional quantitative and qualitative research vendors to work with partners whose technology solutions were capable of aggregating and analyzing consumer data inputs, both quantitative and qualitative, at scale. Working with verified shopper data provided by Numerator, Carolyn was able to clearly define a data-backed value proposition for the 6-pack White Claw offering, including its reason-to-be for consumers and retailers alike. Similarly, Melissa at KraftHeinz partnered with Nailbiter to track and analyze more than 1,000 recorded consumer shopping experiences across a range of online grocery outlets.

In both cases, the keys to research success were driven as much by innovative data-gathering as they were by sophisticated back-end analysis, resulting in sales lift, improved UI, and confirmation that more sophisticated, AI- and/or algorithmically driven tools are a path to best-in-class results.





CASE STUDY

RESEARCH TO REALITY

Kichler Lighting wanted a national presence at The Home Depot, but the climb was steep. Earning the aisle would require a national merchandising display test, a unique, interactive retail display featuring QR codes, and new packaging concepts tailored to The Home Depot's audience needs. So Kichler turned to Simon/Myers to chart the path.

Research revealed the unmet needs of the big box shopper. We learned that consumers often sought a more upscale product than currently available. As Kichler crafted the ideal product mix, we paralleled their effort with a captivating merchandising solution that raised the profile of the entire aisle. Finally, packaging was thoroughly redesigned to smooth the customer journey from engagement to transaction.

From research to revelation to result, Kichler is now winning at The Home Depot.

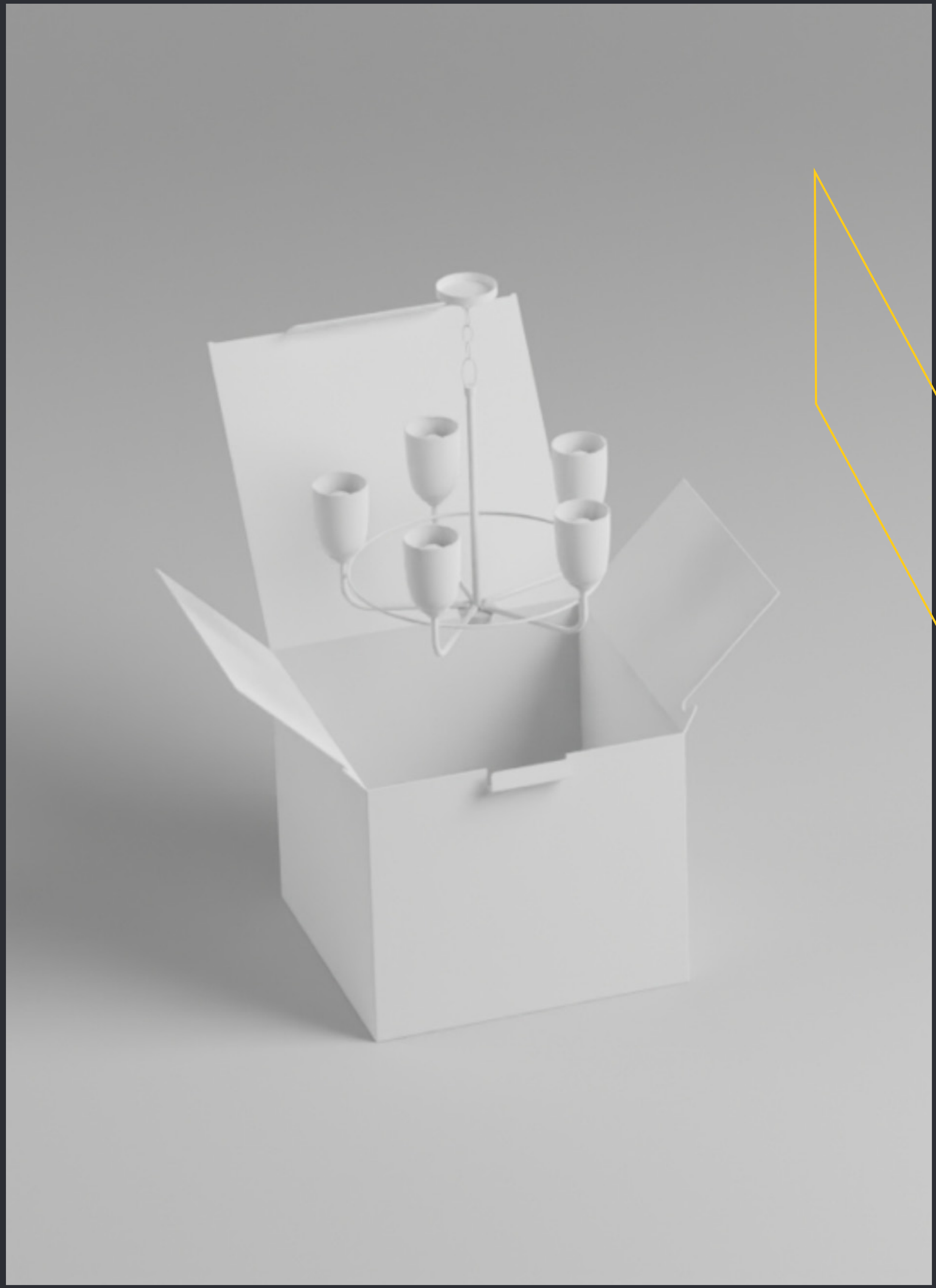
Our custom research solution included:

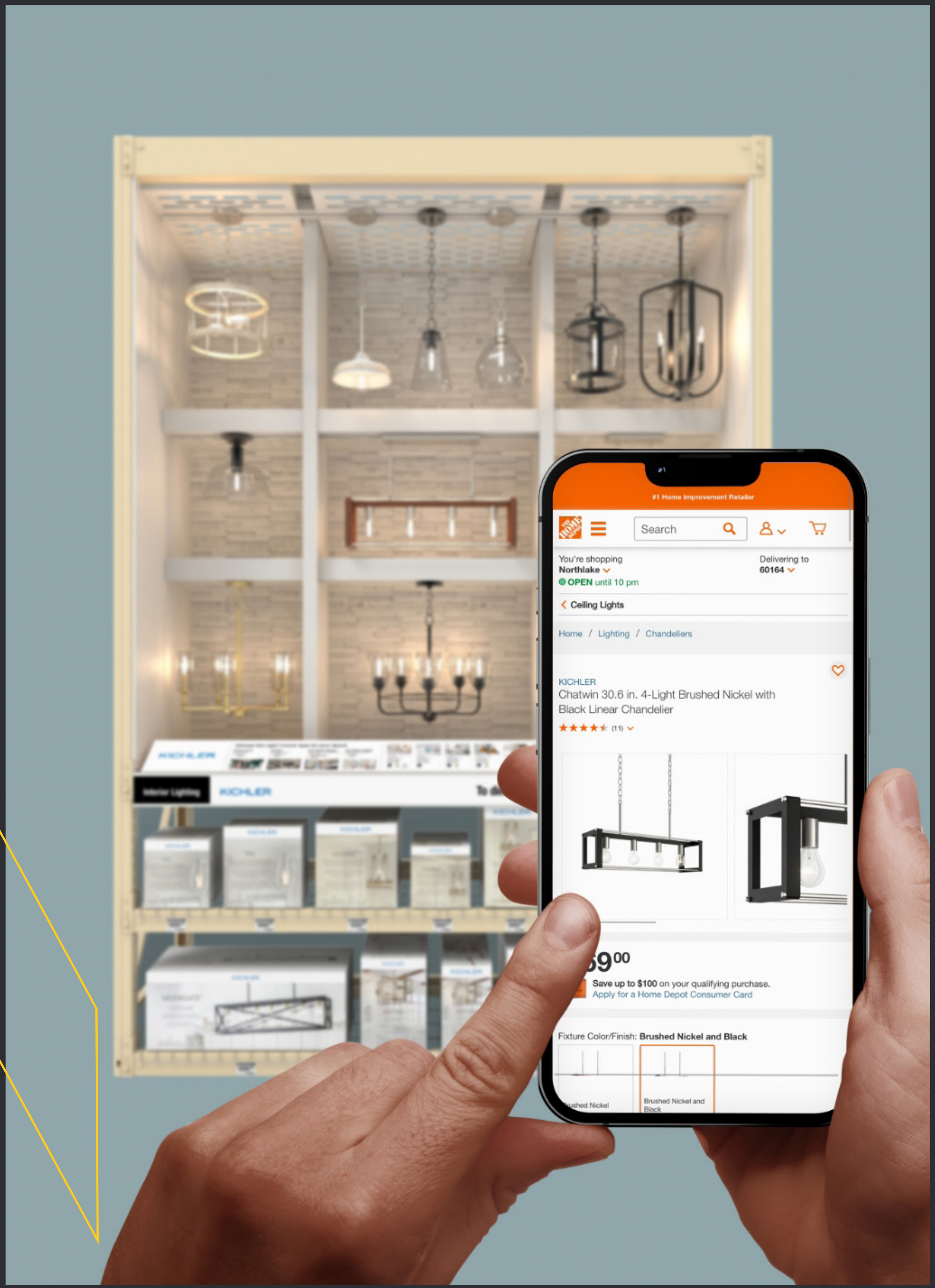
- **12 week end-to-end comprehensive research study**
- **500+ DIY & Pro customers surveyed**
- **30+ long-form interviews conducted**

How research powered up an interactive retail display.

Kichler Lighting suspected there was an undiscovered sweet spot at The Home Depot. Simon/Myers research confirmed it.

We surveyed more than 500 consumers and pros who had shopped The Home Depot for lighting fixtures in the past year, then went even deeper with 30 semi-structured interviews. The research revealed several areas of white space along the purchase journey, both online and in-store. Chief among them: Both consumers and pros wanted a true category leader in the aisle, and they were willing to hit the top edges of their lighting budget to get it. Our strategy paired this "North Star" with numerous insights into how the purchase journey could be improved in-aisle and online, resulting in a win-win-win for shoppers, The Home Depot, and Kichler Lighting.





Part lighting display, part game night.

Kichler Lighting knew that their experience at The Home Depot had to rise above the rest of the aisle. Simon/Myers delivered with an Experiential Display Design that was hard to ignore – the first step in the shopper journey.

Not only were key products displayed in on-trend vignettes, but with a wave of the customer's hand, the lights could be dimmed or brightened.

Once the customer was engaged, we made all the details easy to find by featuring QR codes (dramatically re-popularized thanks to COVID-response restaurant menus) that took the user to The Home Depot website.

Actionable insights which lead to results:

RESEARCH Deployed qualitative and quantitative research methods including data & location audits, national survey, semi-structured interviews, concept & user testing, and more.

INSIGHTS Contra client expectations, DIY and Pro customers alike were hungry for an elevated shopping experience with experiential details, and they had a higher than expected price elasticity with pricing limits that exceeded current category offerings.

RESULTS Elevated product packing and an experiential bay design that won Kichler their test, which in turn was successful in driving significant sales growth above baseline.

TREND 6

HARD CHOICES

Tracking the rise of private-label brands in times of economic uncertainty

We are all aware of the current (or impending, depending on who you ask) economic crisis. Consumers are being forced to make difficult financial decisions, like choosing between feeding their families or paying their rent. It goes without saying that this has an impact on what brands and products they purchase. When being forced to be eagle-eyed with their finances, brand loyalty is on the chopping block. We are beginning to see a rebellion against name-brand products in favor of private-label products.

But how exactly do these economic hardships impact the customer's brand loyalty? The answer? It depends. It depends on the audience and it depends on the product category. Some categories are more at risk than others. For example, consumers are more open to purchasing private-label paper products like paper plates, and less likely to make the switch to private label for products that directly impact the health of their families (i.e. beauty products, soaps, laundry detergents, and even dog food).

In the face of these economically changing times, where consumers are less loyal to brands, it's imperative to be empathetic and ready to adapt to the changing needs and behaviors of customers. A great example of this is when McDonald's pivoted its promotional strategy and developed an even more cost-conscious value menu.

TREND 7

CAN WE VS. SHOULD WE

Methodological quality control takes center stage in the face of technological innovation

As we continue to become increasingly tech-focused in culture, there are major implications for brands and their partners. In market research in particular, we are in a constant state of change, reinventing the ways we work because of technological advances.

It feels like it was only yesterday that we were making the switch from over-the-phone (CATI) methods to an online-first approach. Next thing we know, we are pivoting to mobile-first survey design, and now we are tasked with anticipating the way the industry will shift as AI continues to grow.

These advances have certainly propelled our industry forward, allowing us to have more engaged customers and higher efficiency. This is a huge benefit in the face of clients who want answers to their business problems, well ... yesterday.

While these changes can wholly be seen as a net positive, there are drawbacks when we take the human out of the research process. If we speed the process too far, we risk sacrificing quality.

Additionally, research that does not follow best practices opens the door to respondents who are not engaged or are completely fraudulent.

Both of these situations have a dramatic impact on final research results and call into question the validity of the recommendation that we put forth for our clients.

TREND 8

YOU CAN HANDLE THE TRUTH

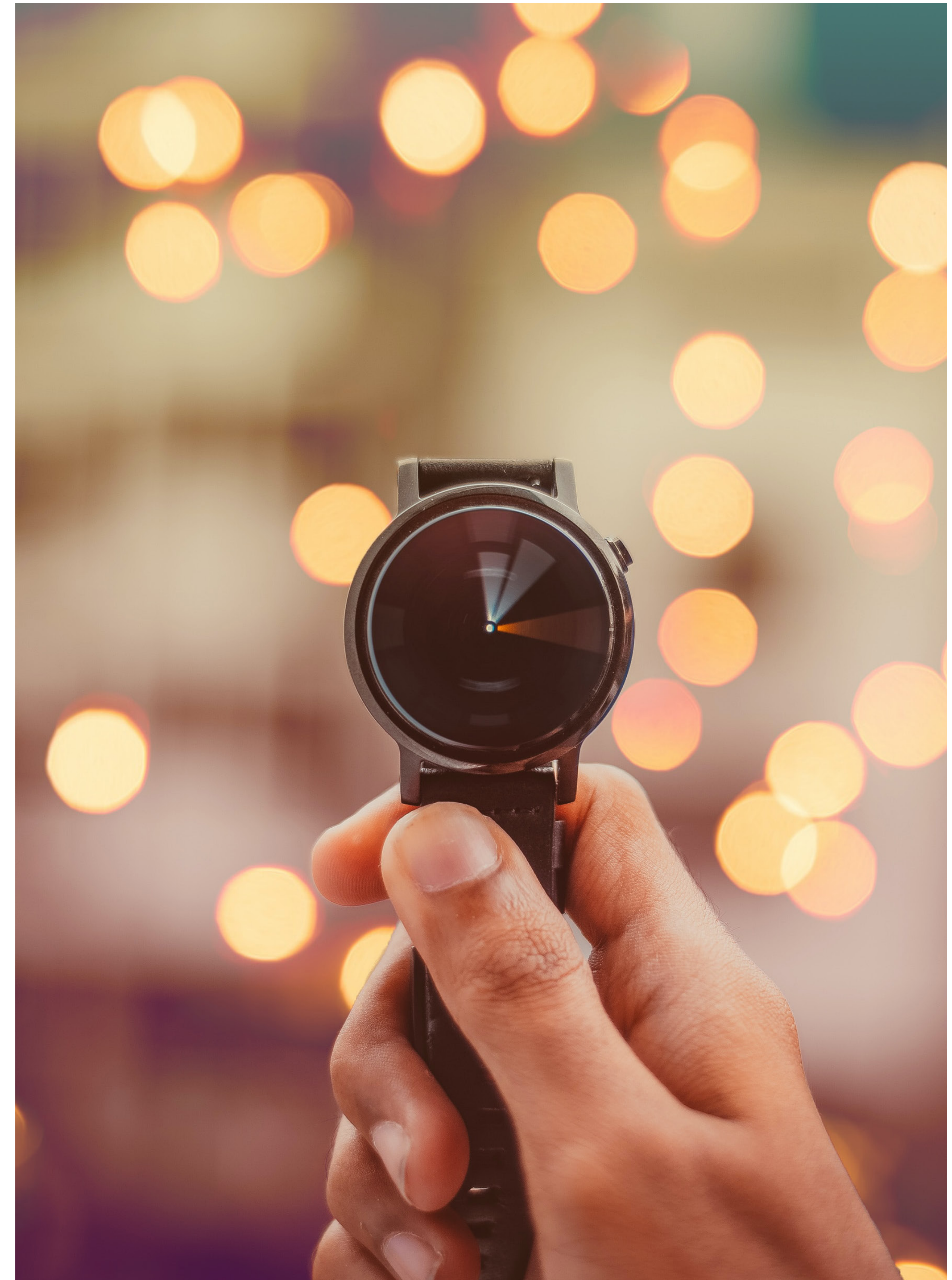
Balancing the need for research speed with the desire for reporting precision

All client organizations are different, with brands like e.l.f. Beauty stating that speed is at the heart of everything that they do (they even have an internal name for it: "e.l.f. speed"). This brand takes pride in getting their products to market in a timeframe that is unheard of in the cosmetics industry. They balance this speed by using agile platforms to reach out to their community at all stages of product development. So while you may not see them run a full-scale brand tracker, they are connecting with consumers in real time with "quick-hit" inquiries that serve as quality assurance along the way.

On the flip side, there are corporations like Conagra and Kroger that place extra emphasis on respondent/data quality and are painstakingly thorough with their research process. These organizations are going the extra mile to ensure that business decisions are grounded in data from quality respondents.

These companies understand that participants might lie to qualify for the survey and receive their incentive. So as a response, they employ research companies that use verified purchase data (think Numerator or Black Swan). This approach ultimately provides data that allows corporations to minimize risk in their go-to-market strategies.

As technology improves, and respondents find new ways to cheat the system, verified purchases just might be the way of the future.



YOUR LEFT BRAIN IS SMILING.

Thank you for spending your valuable time with our 2023 Market Research Trend Report. We hope we've given you something to think about.
Like, really think about.

And while you're thinking, we hope you'll think of Simon/Myers when you are considering an agency partner. Be it market or shopper research, or the branding, digital, and experiential creative that results from it, we exist to take brands to the next level.

You can reach us here, and also sign up for our ongoing cadence of intel.

Once again, thanks.