

President's Report : 2015- 16

June 17, 2016

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Dear MRSI Members,

I am happy to welcome you to the 28th Annual General Meeting of the Society. The first item on the agenda today is to Welcome our New Members!

MEMBERSHIP

We opened the year with a total of 92 members and at the year end, our total membership stood at 106, a net addition of 14 members.

We added 11 New Corporate Members, 1 Educational Institute Member, and 9 Individual Members this year. Please join me in welcoming to our society:

MRSS India, Karvy Insights, Tata Sky, Ma Foi Analytics, Brand Kare, Magic 9 Media, Aeon Market Research, Unique Research, AIP India, Axis AD Print Media, AGJ Data Infotech as Corporate Members.

Center for Marketing in Emerging Economies, IIM Lucknow NOIDA Campus as Educational Institute Member.

Gangesh Gunjan, Vigeswara Ilavarasan, Anupam Kaul, Padmini Ray Dasgupta, Piyul Mukherjee, Pia Mollback Verbic, Dali Agarwal, Vivek Kapoor, Vinita Singh as Individual Members.

The year also saw Market Probe, Market Gate Dimensions, Varenym Consulting, Penn Schoen Berland resign as they curtailed their operations and Majestic Research resign as they changed the membership to the their Indian arm MRSS India. Mr Prabuddha Ghosh, an Individual Member also resigned his membership.

We will miss them in the society.

We are at 106. It is not very large. One small way we can all help by becoming a brand ambassador of MRSI. For example, can we request all our clients to become members, if they are not?

FINANCIAL REVIEW

Overall, the surplus of income over expenses stands at Rs.18.62 Lakhs for the year ending 31 March 2016 as compared to Rs.27.72 Lakhs in the previous year. The income overall stood at 89.24 lakhs (a little lower than 96.97 lakhs last year.) The slight decline in revenue was due to somewhat lower seminar revenue (57.47 lakhs vs 60.44 lakhs) as well as lower interest income as we used up a fair amount of special projects fund and also the interest rates overall declining.

The income from membership fees remained flat even as the membership numbers went up as in 2014, Managing Committee agreed that 1st year membership fee from new members should be for a period of 12 months and not for that financial year. As a result we are carrying forward an amount of 1.4 lakhs received towards membership fees for FY 2016-17 as advance in our books.

The expenses were slightly higher compared to last year (70.59 vs 69.25 lakhs) with the seminar expenses being higher than last year due to the city specific differences in costs.

The surplus generated in the year was transferred to the balance sheet. No transfer was made to the education and special projects fund in this financial year.

The audited income and expenditure account and balance sheet is attached. Also attached is a comparative income and expense statement with data for the last 6 years.

SPECIAL PROJECTS FUND

For 2015-16 financial year, the total expiring special projects fund was 55.47 lakhs (35.47 lakhs for which utilization date was 31st March 2015 and 1 year extension was taken and 20 lakhs where the utilization date was 31st March 2016).

The 2015 fund was fully exhausted and out of the 2016 fund, an amount of 1.73 lakhs was utilized. One year extension has been taken on the remaining amount of 18.26 lakhs.

This will be utilized to fund the year 2 costs of the Interviewer Testing and Insurance program and other planned projects which will be taken up in the year. More details about these projects later on.

OVERVIEW OF ACTIVITIES

The 25th MRSI Annual Seminar:

The 25th MRSI Annual Seminar titled, "Glory to the Game Changers" was held in Mumbai on 15th & 16th Feb 2016.

The Silver Jubilee Seminar saw a change in format for the usual jury curretted original research papers to a mix of jury curretted papers and invited Indian research papers which have won awards at international forums as well as international speakers who gave the their perspective on how the research eco system is transforming and how technology is shaping the insights industry.

The inaugural address was delivered by B V Pradeep, Global Vice President CMI Markets, Unilever and an ex MRSI president.

This was followed by an impassioned appeal for change by D. Shivkumar, Chairman & CEO, PepsiCo India who also introduced the Brave New World segment to the delegates. This segment was started in the 24th seminar to provide a platform for Young Researchers to share their views on the Industry and methods.

We also had Finn Raben, Director General ESOMAR, Dave McCaughan, Alex Johnson and James Burge share their perspectives with the Delegates over the 2 days.

The new format, speakers and the innovative marketing of the seminar via email campaigns and social media translated in a bumper delegate registration and the seminar was attended by over 350 delegates which is the highest number seen in Mumbai in the recent years. More importantly, there were many more delegates from client organizations and the feedback on the seminar was very positive.

The success of the seminar was due to the energetic and enthusiastic seminar committee comprising of Srinivasan Raman, Vishikh Talwar, Aravind Nair, Jayashree Janardhanan, Milan Singh Rawat ably lead by Adrian Terron. The team was supported by the MRSI secretariat. Also, I would like to thank Nikhil Rawal for being the master of ceremonies and for the audio visual clips he created for the Seminar which were a big hit.

The 26th MRSI Annual Seminar

MRSI Annual Seminar will return to Bangalore with the 26th edition to be hosted there on Feb 14-15 2017. Priya Lobo is the convener for the event and the seminar design around the theme of technology, data and insights would be announced shortly.

Webinar Wednesdays

We had very successful series of webinars in 2015 and a hiatus was taken for new year and the seminar. The 2016 series will be announced shortly as soon as the schedules are finalized.

This series has been conceived and curreted by Pravin Shekar and we thank him for providing our members with this wonderful medium of learning.

Researcher Training Workshops

As part of the skill building initiative, MRSI organized for its members 2 workshops in collaboration with Center for Marketing in Emerging Economies at IIM Lucknow on Data Visualisation. The workshops were held in NOIDA and Mumbai and allowed MRSI members to nominate their staff to learn new skills and tools in this arena.

These workshops were funded by MRSI for our members from the Education and Special Activities Fund.

Field Interviewer Test (FIT) - Certification and Reference check system for Freelance Data Suppliers

This program was launched last year and in its first phase we had conducted over 4500 tests across the anchor agencies with a pass percentage of 86% as of 31st March 2016. The enrollments and testing has picked up speed and I am happy to say that more than 8000 tests have been conducted in total.

We are now moving to phase 2 of the program where the performance rating of the interviewers would be uploaded in the system and also, more agencies would be urged to become part of this program.

We are thankful to A & Z Partners, GfK, Hansa Research, IMRB International, IPSOS, Kadence, Nielsen and TNS for their support to the first phase of the program.

The cost for development and ongoing operations of the program is being funded from the education and special projects fund.

Market Research Industry - 2015

The data for the size of industry survey is being checked and compiled by R U Kamath & Associates and we should be releasing the topline numbers by end of June 2016 and the agency members who share data with us will receive the detailed report post that.

I would like to take this opportunity to urge more agencies and service provider members to come forward and share information for us to be able to get a better handle on the industry and the direction it is heading towards. Please rest assured that the information submitted is completely confidential and not even MRSI office team has access to this information.

Planned projects for 2016-17

Field Interviewer Testing program

The program as it moves into its second phase will continue to be funded via the special projects fund for its operating costs viz. cost of tests and the insurance premium for the insurance.

There is a marketing drive planned to ensure that the program is adopted by all members engaged in collection of primary data and also our research buyer members align with the program to ask for certified interviewers. The cost of the marketing drive will be met through the Special Projects Fund.

Amit Adarkar and Vinay Kumar are championing the phase 2 of the project

Technology Buyer Seller meet

As there are a large number of digital technologies dealing with data acquisition, management, analysis, reporting and storage it is a significant investment in time and effort for individual companies to review the offerings and make informed decisions.

To help reduce this, MRSI is holding a buyer seller meet where we will invite technology providers to meet key decision makers from our members at an event hosted by MRSI where they can showcase their product/services to many prospective clients at one shot.

Our members will benefit from being able to see a large number of offerings at one go and pick and choose products/services of their interest.

The first event is planned to be held in Mumbai on the 27th of July 2016.

Managing Committee has decided that the cost of the first event would be met from the special projects fund and there will be no fee for members to attend or for selected sellers to attend. They will of course have to make their own arrangements for travel and any special equipment needed to demonstrate capabilities.

Once we have established this as a regular event, we would move to some kind of a fee/partnership model to recover the costs of organising the event.

Pravin Shekar and Sandeep Arora are Championing this activity.

Updating the Socio Economic Classification Framework

The NCCS system developed by MRSI and launched in 2010 needs a review given that the system based on a set list of durable ownership has seen a large change in the proportions of various segments over time and also with the changes in purchase and consumption behavior and the retailing and media landscape.

MRSI has decided that this time, MRSI would engage the services of the people who would work on the project rather than it being a pro bono effort to ensure more professionalism and faster turnaround.

There are 2 options for sourcing the basic data need to set up the new framework - BARC's Baseline Study and MRUC's IRS data (which will be available only towards Q1/Q2 2017).

Also it is important that MRSI is able to get its members a clear and reasonable pricing from both these providers in terms of purchase of universe data by member companies for their use in project design, setting quotas, weighting and projecting survey results etc.

Discussions are in progress with BARC on this.

The fees for the time spend by experts in creating the new framework will be around 25-28 lakhs and will be funded from the special projects fund.

I am the sponsor for this project.

Priorities for next few years

4 things are coming together in one place - where we see ads, where we chat with friends, where we buy and how we pay - our phone or tablet or laptop. This digital convergence is making a lot more customer data available than ever before and the pathway from an Insight to sales has never been so clear. Hence the value of Insight is at an all-time high. There was never a better time to be in the Insights business than today.

At the same time door to door collection of primary data is getting more difficult due to access and availability issues.

Therefore there is a strong need for the insights industry to adopt this implicit self-expressed information, harness the power of digital fingerprinting and create a process for uncovering insights to help companies grow their franchises.

There are 3 key skills required to be able to turn this ocean of available data into insights viz.:

1. Collecting and scraping structured and unstructured data from the web/billing systems etc.
2. Processing and Transforming this massive data and modelling them to understand latent structure and patterns
3. Identifying the interesting similarities and correlations which can help grow business/solve real life business issues

Currently the first skill is part of Computer Science and Engineering, the 2nd is the domain of Analytics and the third is MR/Consulting.

However both the Technology and the Analytics companies are hard at acquiring skills that they lack to be able to offer a complete solution to business. Therefore to compete credibly in this new paradigm, Market Research agencies of tomorrow are scaling up their investment rapidly in the first two skills.

In this rush, there is one dimension we need to be mindful about. **Privacy!** Large part of MR data collected is a conscious exchange of information between respondent and interviewer/MR agency protected by MRSA Code of Conduct. But lots more data is already available in the web. But should we do it just because we can? The ESOMAR has produced a checklist of 20 questions that we need to ask and answer to check if we are protecting our data correctly. Consequences of not doing it will become prohibitive.

Lastly, to successfully transition to the new realities, it would be worthwhile to explore value based pricing models and away from the current cost plus mechanism. Some of the new analytics firms are already offering this model to their clients.

After all an Insight has to be a money making idea and its revenue proportional to incremental contribution (Sales, net of Variable Costs) earned by clients. It is analogous to what Statistics calls Expected Value of Perfect Information, EVPI - payoff under perfect information vs. payoff without it. Good news is good Analytics do bring in new revenue, and/or shave costs without being perfect, i.e. 100% model accuracy.

There are opportunities and challenges of sharing the returns and the risks with the clients. Clients would love it. Secondly, they like to work with those who understand their business well. Hence MR agencies have a big advantage here. So in sum I see more upsides than downsides for our industry and going forward MR has the opportunity to play a much bigger and impactful role than it has in the past.

In Conclusion

On behalf of MRSI, I would like to thank all the members who have contributed their time and effort for the activities of the society. Whatever little we have achieved is due to this.

However, a lot more needs to be done for the industry. I hope many more members will come forward with ideas and plans, and will participate in putting these in places, so that the Society can help our industry to move forward in a meaningful manner.

Thank you

Sanjoy Datta
President