Project Name: L&E Webinar: 7th Annual Future Trends of Research & Technology - October 2024

Brett Watkins: Great to see you always, here for our seventh annual Future Trends of Research and Technology Discussion, bringing back all our returning champions. In fact, even one of them was kind enough to join me here in the office today. We're beaming live from Cincinnati here, Ohio. Couple of quick housekeeping items just to let you all know if you have to leave early or your colleagues can't make it today. Kelli Hammock, who is our Strategic Communications Director who's kindly there waving on our screen. She will be sending you some follow-up notes, transcriptions, and her own summary. While we're on that subject, as far as transcriptions, want to just send a quick shout out to our transcription partners at Focus Forward for, as always, being so kind as to put those transcriptions together for us, to put that together. So, our returning champions, as I mentioned here, these folks, and hopefully you know well, but to my right, Charlie Rader with Procter & Gamble, Baby & Care, I believe.

Charlie Rader: Baby & Family Care.

Brett Watkins: Baby & Family Care, PRT. We have Barry Jennings, Microsoft Cloud and Business Division. Lenny Murphy, the infamous person known here in the research world, knows all, sees all, and hopefully today will be telling us all. And as I mentioned before, Kelli Hammock, our Strategic Communications Director, joined us as well. We are going to jump right into this as there's quite a few topics. And like all of you researchers know, focus groups have a limited window and you want to get seven things in and you really only have time for three. So, we're going to try to squeeze four in today. AI is going to obviously be a subject of topic. Synthetic data, insourcing, and then finally, I even forget myself here, what was the third one? Ah, sample quality and participant experience. These are obviously the topics that we all discussed and felt were the hottest issues that are going on in the industry today that you all would be most interested in. So, let's start off with AI. Obviously, a lot of buzz. I am curious to know since especially, we have a gentleman here obviously with Microsoft, I bet he knows a thing or two about AI.

Barry Jennings: A little bit.

Brett Watkins: What's the question? It's hype and reality. So, what's generating a lot of buzz and what are we seeing in terms of real applications? Barry, tell me what you're doing over there at Microsoft and what seems real and what's people maybe need to calm down a little bit, you know, Terminator or The Matrix isn't going to happen just quite yet.

Barry Jennings: I'm not too worried about Terminator or The Matrix just yet. But there are some things that are definitely- will be interesting. I mean, in terms of what's going on, at least in my world, just about everything. But, you know, I wouldn't expect Charlie's Baby to not have the latest and greatest baby care stuff. And so I have to get- mess around with the latest and greatest AI stuff. We get to play and use and see what's working and what's not working, everything from general productivity stuff to some things that we're doing, using, and building in our AI practice. And, you know, I just find everything through productivity improvement stuff. You know, that intake document that we all take, that takes too much time. How do we make that more efficient? Sorry, my dog just found somebody jogging from the bathroom. To, you know, how do we make our qualitative more valuable over time? What do we do with all those transcripts, videos, et cetera, and make them more useful research assets? You know, improving how we report, improving how we synthesize, and it's everything in between. And believe it or not, there are a whole ton of really interesting vendors who bring us new things to try, consider, think about that we can play with and try to understand and figure out where their place is and all that kind of stuff. So it's pretty much everywhere, at different altitudes and at different depths as well.

Brett Watkins: Charlie, I'm sure you all are playing around.

Charlie Rader: Oh, of course.

Brett Watkins: You're kind of the technology guru with Procter & Gamble. So you're getting the products out first.

Charlie Rader: Exactly. I mean, it shouldn't be a surprise that we are working on understanding our own tools based off of, you know, the large language models. But I focus a lot on the aspect of our external vendors and where they are building custom solutions for the research question. So I kind of have a feel for this as AI and the large language models as the new operating system. Everybody has access to chat in one way or another, whether that's, you know,

your internal sideload system or you're just playing with it to figure out recommendations for what to do with your family on vacation. But the piece is that I'm looking for how our suppliers are tailor-making AI solutions to get at the research question, being productive in understanding that piece and that they're doing the lifting of the pre-engineering to say, we understand what happens when we're talking with people and consumers and the things that a corporate researcher wants to understand and tailoring that so that you are utilizing AI to even more speed to getting some of the heavy lifting done to get to the insights that you're going to be taking forward out of that. So, I mean, for me, I'm looking for vendors and solutions that have done some of the lifting in that space so that it's easily moving on into talking with people, getting the conversations done and then synthesizing to what's next.

Brett Watkins: Data synthesis seems to be a big application. Lenny, I'm curious, I mean, you know, it'd be interesting to see what the researchers in general, maybe not always just so research application. I was at a conference last week where the speaker was saying, every one of your leaders should be on their own AI account talking about legal, how to synthesize an MSA that used to take, you know, thousands of dollars of attorney time and now is being applied to OK, let's- and his comment to us at the conference was, I paid an attorney and I had the AI do it for me in an MSA and I found it was about 98% the same. So, very small differences. Lenny, how about what are you doing out there with it and maybe also what you're hearing?

Lenny Murphy: Well, the shameless promotion, the new GRIT report came out today.

Charlie Rader: Whoo.

Lenny Murphy: And- Whoo. But this is one of the questions that we ask. So, there is, we have some data in the last week, Qualtrics released a report as well on this topic. So, we have some real data to look at. And the key takeaway is adoption is still, we're still in the infancy, the beginning of the adoption curve. It is actually quite amazing that we have, we're not at a usage standpoint, adoption, and usage standpoint at majority levels yet. So, it's grown significantly since we asked the question last year. We're getting close to about half of GRIT respondents are looking at adoption of AI in a variety of ways. And the lowest hanging fruit stuff, we're already past it. And that's the data synthesis component. The ability to take, create a transcript and automatically put it out there to collate information, to curate knowledge and put it together and run queries that unlock new connections between multiple data sets and reports.

We're past all of that, that was all done. Adoption now is growing on that. But the interesting stuff is, that we're already moving into is now, how does this change the research process as a whole? And I would say we're seeing that in two key areas. One is, is that human efficiency play that is starting to show up in the full service agencies and consultancies, that has profound business model and staffing level impacts for them. And that first showed up actually in the big consultancies. A couple months ago, there was, you know, McKinsey and Deloitte and all these folks were reducing our staff by whatever, 30%. That wasn't because they were doing bad financially, it was because they simply didn't need that 30% of people anymore. And we're starting to see that play out in our industry as well on kind of the service side of things. We're also starting to see, similar to what we did with the automation shift in Quant a few years ago, where it is disrupting existing models for data collection, particularly in Quant and spend is shifting. So to a wholly AI driven approaches rather than the kind of traditional model. With qual, it's created scale. So I think we're at a much more interesting place with qualitative because AI will help Quant look more like qual in terms of the interaction, the form factor of how people engage with consumers. It'll be more of a discussion. Lots of companies out there are doing that. And then of course, it's nothing now to take unstructured data, video, voice, text, and synthesize that so it looks structured and draw insights out of it. So I maintain the AI has unlocked truly the golden age of qualitative from the standpoint of a discussion, of engaging more and more. And then we can get to, we're talking about synthetic sample but that's a piece of what's happening as well that is driving this change. Still early days, but I think by this time next year, we'll be looking at, it'll be a different conversation. I think we're going to see quite a few companies that are in business today are going to face some significant headwinds in changing their business models to compete effectively at the pace of change that this is happening. So sorry to be the very bad news to some extent, but it's just where we are. It's just utterly transformative technology.

Charlie Rader: If I can jump in on that one, which is, you know, if I'd say three years ago as I drop into IIEX North America, first one was like, what's ChatGPT? And, you know, where's it going wrong? And the year following was, now it's doing the synthesis work. I'd say last year, and as I'm seeing right now, I'm seeing the explosion of the unmoderated qual type of solutions that are out there that, you now, is just taking off and, you know, that you can truly get an engaged qualitative set of responses across all those, you know, rich media types from video to voice to even text that AI moderation is being able to handle and handle it well.

Barry Jennings: And I'd add, I think you're spot on on almost everything you said, Lenny, to some degree. I think the early days we do research on, well, AI all the time and absolutely early days for so many portions of the world, definitely some people who are deeper and some who are not as far along. I think the efficiency play is sort of the no-brainer and you're definitely seeing that, you know, and we get that. I do think, qual is definitely, but I've been saying it's the goldmine for AI for right now. There's just so much that it can do and it's definitely evolving and transforming our research practice. And, you know, I won't speak to the shape or form of industries. I will say that the degree of innovation, small companies to big companies is not something that I've seen and I've been playing in this game for well over 30 years. It's at a very different pace. It's not quite like, I mean, again, I was there from handset phone to CATI. And then I was one of those guys like, nobody's going to ever take an interview on a cell phone. Why would they do that? And look at where we are today. But through all of that, there's innovation, there's growth, there's shifting, there's changes and there's true evolution. And I'm guessing over time, as we can wrap this around different methodologies that exist today, as we evolve to new and different types of methodologies, our function will evolve. And again, I think we will expand in brand new, really cool, creative in different ways. Other things will become way more valuable than we thought they would be. And there may be some things that we just do less of. And, you know, I think that is the journey that we're all on.

Lenny Murphy: Couldn't agree more. And every data point is there, the kind of the pragmatic anecdotal stuff we're seeing in surveys and even just outside world. But I don't want to beat a dead horse, but I will say that we talked for a long time about being tech versus service. And that's kind of the spectrum of the industry. It's not so much a spectrum now, it is a bifurcation. And what we are turning into is fundamentally a data industry that has tons of applications to your point, new audiences, that's going to grow. Talk about democratization, that's happening across the board. And then there will be a consulting component, which is fundamentally about asking the right question and making sense of the answers. But everything in between the process, that's all that's going to fit into the tech side. Except for traditional qualitative, I should point out Brett, I do not envision traditional face-to-face qualitative going away by any stretch of imagination. Qualitative is going to scale the digital side, but we will continue to absolutely need facilities and all of the work that is done face-to-face. So that's the really cool thing. I don't think we're seeing the replacement of traditional qual, we're just seeing the expansion of qual and all of its permutations across the board.

Brett Watkins: Well, nearly 300 people at L&E Research are very happy to hear that. And on a shameless plug, you all are mentioning technology. One of the things that we launched our new product this quarter in beta, and one of the things that they'll be able to do in terms of utilization of AI, as you mentioned, obviously image and video, the video itself and imagery can be applied to screening. So how do we identify people more accurately? And so, you know, object recognition is an example, you know. Take a snapshot of your medicine chest or your pantry, whatever else. We're seeing very high degree of success with the technology's ability to accurately identify

both brand and specific product of brand. So, you know, not just the synthesis on the front end, but how do we make the process, on the back end, how do we make the process better on the front end without question?

Charlie Rader: Well, that speaks to, Barry and I were on a panel at CRC, it speaks to respondent experience and engagement. And I'm going to leapfrog to maybe your last point because I really like that topic, which is how do we continue to advocate for the humans and the people that we ask these questions of, that we share our proposals and our concepts and our prototypes with. And I know we'll get back to synthetic data, but I just want to talk about the value of gold and rubies and whatnot, and a real human saying, this is what I think about it and here's how it could be better. For us as an industry to be able to treat people better in both the screening process and then the rest of the research process. And I think these technologies are going to be helping us along the way. I mean, I really want to know if they're a user of this specific sub-brand and knowing the frailties of human memory, was that the one with the little green thing or is that the thing with the little gold thing? And, you know, we can help with some pictures and whatnot, but when we can get to the point of, oh, this is the exact thing and we can speed through that so that we identify the right people to get into the research, I think that's, you know, a win for us as an industry to be able to treat people even better.

Lenny Murphy: Hallelujah, brother.

Brett Watkins: Say that again, Len.

Lenny Murphy: Hallelujah. I appreciate it. Right there with you, sorry.

Brett Watkins: No, this is obviously something that Kelli has studied a lot on and definitely going to ask for her opinion on this as we did considerable research on this very subject. But without question, I think the industry

overall, I've often said when speaking to others that, you know, for a long time, the industry, you know, didn't care how the sausage got made. They just wanted a good meal. They just wanted their sausage. And we're starting to see now that, you know, and I think brands like you all here on the screen today are leading that final discussion of like, I do care, what is happening? Because we do see response rates declining. We do see people opting out. Our number one complaint in dealing with the consumer and patient world is, you know, the tediousness of the space, you know, answering 30 minutes of questions. And what do you mean? You know, how could I not qualify? You kept me on the phone for 20+ minutes. Data now has become such a, you know, consumers are a little bit more knowledgeable than they used to be. They would realize data has value. And so they're, in their eyes, we're just getting a lot of free data from that. It's not- in some, most cases that's not true, but that's the perception. And so the reality now is, is you tune out and without question, we, you know, we've got to continue working at connecting with people and being able to get information and technology is going to be a huge, a huge pathway to that.

Charlie Rader: I had a conversation with a colleague just this morning. I'm like, you really want to put a panelist through all that? You think they're really going to do that? And you're planning on paying more in incentive? Get used to that. So, it is something that I'm trying to at least speak internally to our folks to say, hey, we got to recognize that these are busy moms and dads and they are taking a valuable time out of their lives to be able to share their thoughts with us.

Brett Watkins: Kelli, I know obviously from that research that this obviously I'm sure resonates when you were making these presentations, when you made your presentation at, I think you've done it three conferences now, you know, share with the audience a little bit of what you learned and as well as what's the response been back from the industry overall.

Kelli Hammock: So the overarching what did I learn is really they actually don't mind the screening process so much, but they do mind that they're not being compensated for it. Which of course resonates with what we've just been talking about. And you know, we've started looking at what can we do as a recruitment provider to enhance that value for our panelists. But we kind of want to preach it out to the community because we can't be the only ones offering rewards for screeners. We need everyone to do it if it's going to be effective. Because what we're finding, and I know that our competitors and our partners throughout the industry are seeing that lower engagement rate. And what's really exciting is we put a program into place earlier this year. We're beta testing a market to find out

if we start compensating people for their screening or for updating data points. Will it be effective? Will we see an increase in engagement? And again, we're only doing this in one market just to kind of test and see if it's effective. And that one market we've seen our engagement rate go from, I believe 10% up to almost 30%. So it is effectively working. This is something they appreciate. So the more data points we have filled out, the fewer emails we're going to have to blast to get screeners completed. So if we can get really specific about who we're targeting, that means we don't have to target as many. And that is over time, going to decrease that attrition from the database. You know, they get all these emails, they fill them out, they answer demo questions, and then it boots them out. So if we have that data, we don't send it to them. They never get booted, and therefore they didn't engage with us. But they also didn't have a negative perception of research. And that's been really the biggest thing that we've learned through the process. As far as industry feedback, I am getting a lot of really positive feedback from this presentation. Everyone loves what we've learned. I love what we've learned because it's been very illuminating. As somebody who's spent their career on the operations side, I've been the recruiter who's hearing, ah, another screener, another 10 minute call. Why didn't I qualify? I'm using the, you know, Charmin toilet paper. Why don't I qualify for this study? You just ask me 10 questions about Charmin, and you can't tell them, but you don't use this brand, you use that type. So, it's very specific for them to get into a study and it makes it a little bit laborious for them. So anything we can do, these tactics that we can communicate to ease the process, to reduce the amount of time we're screening, even warn them about what's coming. So I'm really excited about some of the technologies we do have coming with AI as it relates to product identification. Snap a picture of your pantry, submit that as the screener, we can have AI automatically determine, is that Charmin in their pantry or is it the other one? Do we need the strong users or do we need the soft users so that can actually help keep this- you see, I'm doing this all for you, Charlie. This is very- I hope you love my example today.

Charlie Rader: Absolutely.

Kelly Hammock: So we use that pantry check instead of giving them a phone call, because Sometimes, and once we get our new mobile app off the ground, it'll be really easy for them to just upload a photo and boom, that's a five minute call or a five minute survey, they don't have to do. So there's not going to be one specific solution that fixes this. It's going to be a lot of little tiny steps that everyone in the industry has to work together to accomplish. And I think over time, that's going to get people really jazzed about doing research and really invested. And as I've been saying for years, we honestly just need some really

good PR for qualitative research. We need to get the word out that this is a valuable commitment. This is not a scam. That was another thing we heard a lot is people doubting the legitimacy. And as Brett mentioned, they feel like we're data mining. Let me tell you right now, screening is never data mining. We're not selling that information, but if they don't know, they don't know. And so they're going to have that perception. So again, we just need to make sure everything leaves them with a positive experience.

Brett Watkins: Well, let me take an interlude, as I forgot to mention to our audience that I see some questions popping up on the screen. We will definitely get to those or as many as we can before this webinar ends. So please do continue to post those. And Josh Bradley, our AV guru here that's making all of this work on the back end for this. Shout out to you Josh, and thanks. He's going to accumulate those and feed those over to Kelli so we can ask those questions later. Lenny, before you get to the follow up, I was curious from Barry's point of view, since you're working more in the B2B and engineering side, what do you see on your end as it relates to participant experience and how you're trying to improve that?

Barry Jenning: Exactly the same, except it costs probably a whole lot more. I'm B2B, and so if to get a developer we have to ask them a lot of questions to make sure they're a developer. We have fraud, is definitely a big thing in B2B and, and in our tech sector. And so that's something that we have to comply with. And we work with lots of sample suppliers and all of our agencies and partners to really figure out how do we do this the right way and how do we ensure that we are talking to who we say we're talking to. And then once we get them to participate, making sure they have a really great experience. and for us, a lot of times that's both qual and quant, frankly because sometimes it's difficult and time consuming to explain a thing that doesn't really exist yet to get somebody to imagine would they use it, would they like it, what would they pay for it, so that we can use that to, to inform a set of decisions. And so it's absolutely the same. And I will say one of the things that we find useful is, is using more open-ended data within our quant work as well. And so again, that's one of the upsides of conversational AI. A lot of times you either get gibberish or again, if you're explaining something that's novel it's kind of hard to you, you know, one of the things we've seen in some experiments is when you do a clarifying probe, a respondent loves that. It, they felt like they're listened to and that they're not stuck. And again you know, we're not doing a whole ton of telephone based interviews, but if we're able to do that with electronic ones, using some AI thing to help with that, that makes that work richer when we actually do get the person on the phone. But, you know, definitely deeply agree with everything

you're saying. It's definitely a big problem. And again, the costs per interview can be ridiculously high. But that's the cost that we know we are willing to pay because we want to make sure we get the right person the right way, and then treating them the right way once we have them so that we we're doing work that engages them and allows us to learn.

Bret Watkins: Lenny, I know you had some follow up that.

Lenny Murphy: Well, there's all types of stuff to unpack and it takes us into data quality and synthetic sample as well. But I want to- what struck me is we are about to have, I believe an example of the price of the lack of engagement and poor quality be very, very public here in about a week. Because I think that most of the polls are very off, and people are going to be shocked by how off they are. And it's only because there's huge chunks of the population not engaged in research. That's the issue. It's- I don't want to get into any of the politics. That's not the point. The point is that there are folks in- I think you said it, that they think it's a scam. They're not engaged, they distrust. And that's just the era that we live in. There's a variety of reasons why people distrust lots of different things. Data privacy, security, whatever. Right? It just is. So we do have to do a better job of engaging with folks. We have to do a better job of creating a value exchange, a fair value exchange for their time date. Brett, you said it data is worthwhile. And we can kind of get around it a little bit in commercial research, but I mean, we're going to see a big example, I believe next week of people with ontological shock because we failed to engage properly with a big chunk of the population. And that's- we should leverage that. As an industry, we shouldn't see. This affects us too. Just because we can get a little more tailored in our populations doesn't mean that it's that we don't have significant challenges of still leaving a lot of people out of the process. And what does that do to Charlie's business? Or maybe not so much, Berry, you're are getting there and technology is letting us do things better to deal with that. So, as things shift to more of a chat and AI focused chat conversational component, it is going to be harder to fake. It will be more engaging, and we should compensate people more appropriately as we go forward into that. So anyway, there's just all types of interweaving topics here from my perspective that I think lead us into some really interesting areas that I'm excited about. So, we'll solve all this. It's because we have the tools to do it, but it does take some will.

Brett Watkins: Yeah. And I think there's definitely, you know, innovation from a technology side is certainly my 30 years now in the industry is by far the greatest leaps that I've seen in terms of new products and evolution and, you know, the solutions that are coming out. You know, sample side things

that's impacts to what you all are talking about, you know, that I can speak to without question you know, connecting with people is getting harder, but I think part of that is what is technology driven. You know, like what percentage of people 20 years ago or 10 years ago had this smart device in their hand? The how is a very large part of it now and making, you know, and you've been talking about that for years, Lenny, as far as like mobile and like how we, you know, speak to people on their terms and, you know in their place. Having this conversation with a client recently about, you know, just wanting to follow like more old methodologies. And I was just like, unless you want to talk to 55+ users, I mean, you know, talking to them on the phone, really it's just not the way, you know, the concurrent buyer, if you're looking at a 24 to 44-year-old buyer, you know, is that's not the way they operate. Shifting the subject, however, because what we've been talking about, I think is having impacts on, you know, a lot of ways to sample and in a lot of ways as it relates to, you know, analytics of data. You know, you brought up obviously Lenny, a lot of sea change. These other two topics we want to talk about synthetic data and insourcing are also having, you know, massive impacts and specifically to the agency side of the business. So when we look at synthetic data, I'm sure the question that a lot of folks out there that have, you know, been insights agencies, that they would love to hear what you all have, think about this, what is this going to mean to me? You know, primary research, how much of it changes, what does it go to synthetic or to other forms? You know, and what's that going to look like on the other side for them? Was that- Charlie?

Charlie Rader: Sure. I had a feeling that was coming my way. At the last IEX, I was on a panel with Andrew from Remesh and the point of view- and Remesh has been leading in AI for many years in that space. And he and I mesh on a couple of points at this point, which is right now, synthetic sample may be good for testing through your data flow and whatnot. It may get you to weed out what I call the dogs. Like, you know, when you went to an old school focus group, your focus groups could probably tell you what things aren't going to work for the most part. You know, the dogs of your ideas. But I think it will struggle in understanding disruptive things, right? It's based off of averages and probabilities. So, I'm like, I was on social media stuff. I'm much more skeptical on the synthetic portion of data. Not that it doesn't have its place. I mean, and can be useful. I just, you know, if you're going to bet big bucks on something, I'd rather have it grounded in real people. So, the aspects of its usefulness is there but it is- I mean, it's probably the oldest story in market research. You know, Henry Ford said, if you would've asked people what they wanted, they would've said faster horses, right? So that's- right now, that's where the current synthetic data kind of

feels to me. Maybe I'm too simplistic about it. Tell me I'm wrong Lenny Murphy. Tell me I'm wrong.

Lenny Murphy: Oh, you tagging me in. I don't think that you're wrong. Fundamentally I think that's the issue of, so here's a data that was shared with me. There's another company who has built a large purpose built panel database, and they have created synthetic sample off of that data that has very specific things that it addresses. And they were pitched to a client who was exploring synthetic sample, and they had their own data. The client had their own data to validate against. There were a couple folks that were using just general off the cuff, you know, public data LLMs, and then there was this company who had the purpose-built real data. They were spot on with the client's data set that they had. The general LLM stuff was way off. And what comes to me is garbage and garbage out. So I think that the general LLM stuff to even explore concepts, you know. Fine. When early ideation, that type of stuff, fine, but you sure can't make a decision off of it except for what you're going to test with human people with humans to validate.

Barry Jenning: Yeah. And I'll- oops, sorry.

Lenny Murphy: No, go ahead. Go ahead, Barry.

Barry Jenning: No, you got me excited on this one. Because, yes, and I agree, I think there is a class of work where synthetic data can be a pretty interesting and useful civ to kind of get you from here to there. And that's useful. It saves time that may save money that may even buy you more time so you can focus on these things that are sort of yep, probably is to you- maybe you can refine some of those edge cases, whatever. I also think that you hit on a thing that's very much in line with what I believe right now I think synthetic gets to be way more powerful when it's built in a specific way. And so, yes, if I were to inform and create synthetic data with a company's data, a financial services company, let's say, and we were to throw in everything from, you know, how they do their checking account to their satisfaction studies, to which products are being used and not used, what they're complaining about and all of that stuff. And I have all of my custom proprietary data to sort of fine tune and use that to build against a rag model. That's going to be way better than a generalized model, number one. And again, there is going to absolutely be a class of work where that is going to be very good enough that some of the things we're experimenting, we have a handful of them. We like to call them assistants. And what they can do is they can answer a class of questions. And I don't, you know, Charlie, if your executives are like my executives, they get paid to make decisions. And they'll

make it with good information, they'll make it with bad information. They'll make it with no information. And that has been my entire career. They call it their gut, but they've seen like 8,000 research presentation. But, you know, maybe that makes us the microbiome of decision making. But anyway, you cut that one. Yeah. But at the end of the day sometimes these tools can be useful that answering the questions that it just makes, sometimes we have, we get asked to go do work on some stuff that just doesn't make a whole ton of sense for us too. They're too small, they're too specific, they're 50/50 outcomes. And if a decision does need to be made against a 50/50 outcome and we want to feel just a little bit better about it, and we've got a reasonably well educated assistant to help with that, absolutely. And then you know, when sometimes it'll spit out like, "Hey, we just don't have that kind of data." And we're like, "Well, let's go do some research on that, and then let's go retrain that model or that audience type." And when you do start doing a lot of stuff like that for, again, for the cases of classes of work that that makes sense for you, you're getting something that's small, better, and better and better. And again, I think it's only as good as the growth of the information, the breadth, the depth, the specificity, and the pruning of that data. And again, it will not probably make those billion dollar decisions. It will not, in my opinion, make those breakthrough things, those novel, those holy crap, who would've thought that you would dip peanut butter jelly sandwich into honey mustard, and it would be the best thing ever. I'm not saying that's going to be the next best thing ever, but…

Lenny Murphy: Sounds pretty gross, Barry.

Barry Jenning: It does to me as well, but you know, that's how so many innovations, they're like- they're confounded. And it's not a great use case for that, but there are lots of different types of decisions that need to be made where it could be pretty useful or it could be give us a better starting point. So again, what I would rather do is, you know, if I'm going to go spend a whole lot of money on some research, I want it to be answering all of the right questions to drive a really good business decision. I don't want to kitchen sink approach it and try and do everything. And I don't want to have a ton of false positives. If I can take my task from this to this, my research investment has probably a chance of having a much higher return on that investment. I could probably deliver a better experience. I could probably explain things a little bit differently because, you know, it will just give us a better opportunity with a better refined target. It might make sample sourcing a little bit difficult in some ways, because I might know a lot more about what I want and that may- but then I would invest more time to figure out, oh, I need this person and they have to be left-handed. Because we found that if they're left-handed, they're going to pay three times as

much. So what's it going to take for me to find the left-handed people? Making all this up, but that's you know, those possible abilities become more realistic once I know all of this stuff, and again, if I'm selling gloves, I can have a data set that tells me about the purchases of left-handers versus right-handers. And that makes that guess just a little bit better than random. And if it makes it significantly better than random, that makes it a potentially powerful tool. And so, I think that synthetic data has a place. Again, in my opinion, I think that's going to be- It will be interesting over time to see how that works outside of a company. I had a conversation with one of our partners, and I can imagine you pick the name of any- I'm going to pick on your company, if it's L&E, and they go and build a thing, and I trust them, and it's great. I've got to trust them. I've got to be all in. But the moment that it's wrong, I kind of want to ask questions. I want to ask what it is, and all this other stuff. If my stuff is wrong, I can throw more data at it, I can go figure it out, and it will be tougher for me to buy outside again. And so, I think that's the thing that I- I'm most curious about how that portion evolves because I can imagine the really big companies on the research side, the mid-size, the small ones, there's lots of potential there. I just think it's going to be a journey to figure out how that would work with that type of data.

Lenny Murphy: Can I add to that real quick, guys? Because there's a couple examples that I think we're seeing happening right now. So, one is visual intensity modeling, that's been around forever, where there's basically a normative database that predicts where the eye is drawn. That's the type of stuff where this is already hitting hard. Creative testing, any of the early-stage creative testing. AI is replacing those types of things already.

Charlie Rader: The eye tracking study.

Lenny Murphy: Absolutely. So, that's happening. That ship has already sailed. It just hasn't- Now we're just dealing with inertia of changing vendors. So, if you're heavy into creative or package testing, those type of things, you may want to think of diversifying if you're a supplier because that's the low-hanging fruit of synthetic sample, if it is good data, if you're leveraging off of the strong normative database that has both attitudinal and behavioral data, to your point, Barry. That stuff is already happening. And watch the big public companies in the research space. So, read between the lines. When they do earnings reports, where are they being hit? Because, for most of them, that type of stuff is a big revenue driver for them. We're seeing it happen already.

Barry Jenning: they're spending too, Lenny.

Brett Watkins: Well, that leads pretty well into because it was my final subject of what's impacting the industry. Insights Association released their report about six weeks ago. Lenny, I'm sure that GRIT has some additional color to put to this, but I believe as Simon Chadwick said, seeing the largest shift of spending from outside the agency to the shift of money towards internal research and insights divisions at brands, 4%, 3%, roughly a little over 3% growth for the agency side, but seven and half percent increase in spend. Four, four and half percent doesn't sound like a whole lot until you realize we're talking about over 140, 50 billion industry that they look at. So, you're talking about four or five billion dollar ships here. This seems like a really good audience to ask that question of what's driving this, because there's a lot of things that I could think, whether it's difficulty to qualify to be a supplier for some of the big brands, IT security, just general PII protection, procurement challenges and cashflow, things of that nature leading into possibly, however, just maybe having that person internally is smarter decision for you all. Either closer to the business, they know the business better, and more the analytics are going in. So, yes, no, all of it above or something different. What do you think, Charlie?

Charlie Rader: So, I'm an internal researcher, obviously, and on the R&D side of life, P&G does something that not a whole lot of folks do. We live at both the intersection of R&D development, innovation, and bridging that into the consumer learning aspect of it. So, we blend understanding that consumer experience and then translating that into new product designs and services and whatnot. We've always been looking to and recognizing that in many cases we're close to the product, and that's why we also want to be close to the consumer, to really work at those places of innovation. From my perspective, I definitely try to keep our folks in a primary researcher, primary investigator point of view. I want to bring them tools, and vendors, and methodologies that keeps them in closer contact. So, I definitely lean into the more DIY area recognizing that because we have high touch with our consumers already, a lot of external folks will give us what we already know when they touch one or two projects, when we're touching dozens and dozens of pieces of research in a yearly basis. That's why we keep a lot of this stuff in-house. That kind of answers?

Brett Watkins: Yeah, absolutely. Barry, how about you?

Barry Jenning: And we're kind of the opposite, but I think we land in the same way, if that makes any sense at all. We do some things internally. Mainly it's the stuff with our customers, for a whole host of reasons. We're able to- You mentioned the first part of the call- Or the first part of this question, just to get in

the game, the security stuff we expect, just to even touch our data, or to come into our inbox beyond a team's channel. There's requirements to that, and we're a secure-first organization. So, that that is just table stakes. But when we just think about the rhythm of business across our practice, we believe in having a set of research partners who go deep, really deep. They are in readouts with us. We brainstorm with them before we say, "OK, let us go right off an RFP to give you a chance to win the business." And then that allows our team to scale on any given year. I tell people all the time we have about 150% demand for what we do, and it's also a little bit easier for me to get money than it is to get people. It's actually a lot easier. And if that's the case, having a cadre of suppliers and partners is critical. I will say the proportion who I consider a partner that's probably growing, because that's probably more critical work where we're much more deeply into the decisions that are probably bigger or have bigger potential impact. And we have a set of suppliers that we also use that's just a different type of work, different complexity, different impact potential. And our goal is to, again, push more work up, or tackle more of that higher-level, higher-impact, bigger decision making type work, and I would hope that a lot of these tools and techniques allow that portion of our business to grow. AI, we believe can help with some of that. It could probably help some of our vendors be more efficient. It'll definitely help our teammates be more efficient at certain times on aspirational goal. And we do this periodically. We've actually been able to leverage some of the AI tools to do that, is to be more effective in that room. You're in that meeting, and we had an analyst in a meeting, and they had a subject, and she typed in a little query in a tool that we have and said, "You know what? Here's the answer that's based off of 800 developers who said blah." And they're like, OK, that answer. And again, was it a CEO betting the paycheck on that decision type of decision? No, it was not. But under normal circumstances, it might have been a back and forth conversation that would have taken a couple of weeks. It might've generated a net new six-week market research project, and I bet we would've landed in the exact same place. Subtracting that from my book of work allowed that analyst to go do something that would fit into a bigger bucket. And so, again, I believe, at least in the short to midterm, the transformation of what we do really, really changes, and I guess the composition of who we use for that higher-end stuff, I think, is a growth area, and then the rhythm of the business stuff, that's just, I'm not going to- That will be shifting and we'll see how that evolves over time as well. I'm not trying to be dodgy, but it's just really- It's a lot to think through. I don't spend a whole ton of time with my CEO at all. I really don't. I really don't. But what happens when I have a set of tools and a big answer? And I can go, there's a question today, and we say, "OK, I can be in your office in 10 minutes because I got a really good answer." That would be two of those and I can retire type situations. But that's

what we would want to do. How much more effective can we be in that room with what we already have, or what we can get easily? And I think that is a lot of the potential that we see with that. And again, the insourcing versus outsourcing thing, it's always complicated, but I can absolutely see us being better decision makers in the room. And I don't know. I won't say that because I'll get in real trouble if I say what's on. I'll tell you that outside.

Charlie Rader: Oh, I'll quickly follow up on this space because you also kind of touched on the governance issue. And I think last year we talked about this where becoming a vendor at P&G to do research with us is a mountain climbing type of journey these days. And the amount of governance and vetting that we're trying to do to safeguard our participants' data and be able to feel that we're handling people's information with integrity, it really makes that climb a whole lot harder for newer startups for us to innovate on. So, the aspect of the new legislation around AI and privacy and whatnot is definitely putting a squeeze on our ability to try out new startups and whatnot. So, to the shrinking or internal of what we already have in the stable, I think I definitely feel that particular pressure in that way. So, I feel maybe that answers your question a little bit more fully.

Brett Watkins: Lenny, any closing thoughts before we get to questions?

Lenny Murphy: No, you guys were fantastic in giving the needed context on that particular thing. So, that was well said.

Charlie Rader: Since we're here, I'll say one of the themes that I saw- And we can probably verify with some AI transcription analysis later on, but I really heard a lot of the aspect of we are trying to reduce the noise in our data sets to improve the signal in so many ways, whether that is better screening, use of synthetic data to get to, well, we've gotten rid of the junkie stuff, now, let's focus on the stuff that we really need to have a human answer. I see a lot of that still continues. So, that is so much more useful as we battle both on the quantitative side as well as the qualitative side of getting the right people into our research. Now we can ask questions.

Brett Watkins: Well, I appreciate everybody and all the great data. Hopefully, all you out in the audience, this has been enlightening and given you, as they say, something to chew on as you look towards your future with your business, and your position, and where you go in your insights journey. Kelli, before we wrap this up, what kind of questions do we got out there for the team?

Kelli Hammock: So, we've got a couple of questions. I'm going to start with my favorite one. So, I'm just going to ask the question and then I'm going to go ahead and answer it. So, on the participant engagement discussion, how do researchers work to get larger budgets to support higher incentives and get the higher quality participants when internal partners and execs are used to such low current costs? So, it comes down to a budgetary conversation, and in this, my advice would be to gather your research and present it. There's a lot of research out there about, as we've been saying, garbage in, garbage out. If you do a research study and you find that 30% of your data has to be tossed out, you're going to have a different conclusion. So, think of it this way. You can either pay a little bit more on incentives, recruiting costs for the project in general to make sure that you have good quality data, or you can take a chance, you can go a little cheaper, like your shareholders want, and then you end up going to market with a product that fails, or something goes terribly wrong because your fraudulent insights pointed to that but you were using fraud data. So, you're going to have a bad business decision if you try to base it on bad data. So, you have to do your due diligence. Find that evidence out there that supports bad data equals bad research. It's out there, I promise. And then you have to essentially convince them that they can be cheap, but they might end up paying more on the backside. So, make your investment at the early phase, and more importantly, find a good partner, find somebody you trust, somebody who actually cares to make sure that your data is quality and they're not just taking your project because that's the job they have to take. Make sure they're invested, and they feel committed in the quality of your research because if your vendors and suppliers don't feel committed, you're going to get garbage data. So, that was the first question. Does anybody want to chime into that before I rush into a different one?

Lenny Murphy: I would just use the new Coke example. I think Coke still wishes that they had invested in more research before they launched new Coke.

Kelli Hammock: Good example.

Barry Jenning: I spend a lot of time showing people what the bad research looks like. When those research are bad, we show them. We spend a fair amount of money to get the- For sample, it's really expensive and it's like, hey, this is what it's going to cost to get it done right. And we don't want to pay to get it done right. We won't do it. And we will be in that room in all likelihood when you have to explain why you went the way that you went at some point because it's

just not worth wasting the money to do, even if you have it to waste, and we shouldn't have it to waste.

Charlie Rader: Now, when you have that noise in your sample, maybe we're not making the launch decisions with the cheapest data, but recognizing that when we get to the next stage everyone's scratching their heads, why wasn't as gangbusters as it was the last time? So, there is definite value in getting quality respondents in the first place. So, to Kelli's point, there is plenty of information to say, "Hey, this is why you need it that way, otherwise we will make bad decisions," or you'll get flat data and then you're like, now what do I do? And then we're off to the microbiome of the highest person in the room, off to those gut checks.

Brett Watkins: Well, for those who that question was from a brand insights leader, one of the things that I compliment what I see at P&G every day is an actual internal investment to try to make the experience outcome great. It's respect that you mentioned before for the participant, it's acknowledging that, OK, how are we going to get this done, and to do it right? What's that going to take? In general- Kelli obviously mentioned the point of investment in research, but as we all know, you all as brand leaders, this starts at the top. You're the buyers of these solutions and it's your- We as suppliers have to commit to quality to give. But at the other side, it is a partnership and a conversation as to what's it going to take? And I see the investment from a P&G standpoint of really respecting the consumer and saying, "OK, what is it going to take for us to do this the right way?" Kelli, what other questions you got?

Kelli Hammock: Well, we are at 2:01. So, we'll do a little quickie here to wrap it up. Which AI-moderated tools does the panel recommend?

Lenny Murphy: Oh, I think it's too early for recommendations because there's a whole bunch- There could be something new comes out tomorrow that blows away anything we say today.

Brett Watkins: Condux, right, Kelli?

Kelli Hammock: Condux. That is the recommended tool from L&E Research. You'll be learning more about that in the coming months.

Charlie Rader: Perfect timing.

Lenny Murphy: There we go. It's leapfrogging. So, be aware of that. Don't get wet at anything yet, I would say. Experiment, but next week there could be something all new.

Charlie Rader: We're evaluating a handful of tools on our end. So-

Barry Jenning: Same.

Charlie Rader: Not large contracts being handed out yet.

Kelli Hammock: Just going to throw in that Janet agrees with you, Lenny. Keep dating. Don't get married.

Brett Watkins: Right on.

Lenny Murphy: I don't want my wife to associate that quote with me

Brett Watkins: Right on. Well, as Kelli mentioned, it's a good point. My clock's obviously a minute slower or two or three than Kelli's. And respect for all of you again. Kelli, you promised this to be an hour and here we are just a little over. So, thank you to-

Charlie Rader: Just like Lenny's podcast.

Brett Watkins: Thank you, Kelli. Thank you, Lenny. Thank you, Barry, Charlie for actually coming in here today in the office and doing this with me together.

Charlie Rader: It's great.

Brett Watkins: This is a lot of fun. Barry, I'll just let you know I'm already talking about having the whole band just come together in a room like this for next year. So, if you want to fly out from Seattle, I'll buy you the ticket. We'll put it all together because everybody else is a few hours away.

Barry Jenning: Can we fly to like Mexico or somewhere in the Caribbean? Make it fully on the road. Everybody should share the travel pain.

Brett Watkins: I like the way you think, buddy. I'm in. I'm in. Well, again, thanks to everybody for today's time. I hope all of you out there in the audience found this informative. Again, be on the lookout for Kelli's emails, which will give you a synopsis, transcripts, as well as a recording of the video

if you want to watch it wholly as part of your future or it's for your colleagues. And again, my thanks to Focus Forward for being our transcription partner and putting this together quickly for that analysis. So, to everybody, hope you are safe out there, the holidays are good to you. And we look forward to seeing you next year hopefully with this group back together again.

Lenny Murphy: In Mexico, in Acapulco.

Brett Watkins: Sounds good. All right, everybody. Thank you.

Charlie Rader: Bye now.

Brett Watkins: Take care.

Kelli Hammock: Bye.

Lenny Murphy: Bye, everybody.