GfK

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insight, innovation and ideas from our global network

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dig·i·tal da·ta [ˈdidZitl dEite]

sg. and pl.
(latin digitus = finger/toe and dare = give, datum = that which is given)

Digital data are logically grouped information entities which can be measured in units such as bit, bytes, kilobytes (kB), megabytes (MB), terabytes (TB) and petabytes (PB). They are based on a series of 1s and 0s, which means that analog information can also be encoded. This makes it possible for music, speech, and static or moving images to be quickly read, understood, saved, standardized and reproduced around the world. Without digital data, computers, internet, SMS and DVDs would quite simply not exist.

Digital data provides market research with both a basis and a challenge. It is GfK's mission to transform this data into powerful knowledge for decision-making purposes.

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Interview with Professor Dr. Klaus L. Wübbenhorst, CEO of the GfK Group

Leading the way through the digital maze

It is all around us. We live in it; we use it. But the digital world has become so complex that it is now almost impossible to comprehend its full scope, influence and impact. Digitality is no longer a mere companion to everyday life; it defines our very existence. The digital world in all its facets is GfK's central theme for 2011.

KLAUS, GFK HAS CHOSEN TO MAKE 2011 ITS DIGITAL YEAR. WHY?

The time has come for market research to clearly position itself in this sphere. All over the world, knowledge concerning the power of data from the internet is being accumulated. And knowledge is also being accumulated regarding the opportunities and risks for the economy, society and every individual that arise from the incredible amount of information available in the digital sphere. The job of market research is to assume the role of a guide – illuminating, organizing, and interpreting the digital maze, and separating the wheat from the chaff.

Our 2011 "digital year" offers us an opportunity to take stock of this task across all GfK sectors and countries. This is the ideal platform to put our internet-based innovations in the spotlight and to communicate to our clients our digital strengths as the pioneering leaders of the market research industry.

SO WHAT ARE GFK'S DIGITAL STRENGTHS?

Well first of all, they are the general strengths of market research conducted in line with international professional standards. This includes, for example, always observing the principle of anonymity when processing, transferring and using data, adhering to data protection guidelines and prohibiting the linking of non-research activities with our work. This code of conduct is more important than ever today, because we market researchers are increasingly active on the internet, a sphere in which many forms of tracking software are pushing the boundaries and making George Orwell's novel "1984" a possible reality at global level. This is known as "web scraping". Of course, market research also relies on obtaining the maximum amount of information and the best possible analysis of this information. However, real market research is not focused on personalized data, but on grouped data. It is not interested in the behavior of individuals, but in comparable behavioral patterns within a defined group of people.

GfK's particular strengths lie in its core philosophy, which was formulated by GfK founder Professor Wilhelm Vershofen 77 years ago when he put forward his business concept. It is about allowing "the voice of the consumer to be heard", wherever that consumer may be: in the supermarket, on the couch, in the car or – as is increasingly the case – in the digital sphere. We have an abundance of knowledge, the best minds and the most advanced tools, which allow us to generate an image of consumers that encompasses every aspect of their lives. The core of our mission is to bring together the many layers of data that we obtain from a wide variety of sources. We know the retail sales figures, the details of consumers' purchases and the reasons behind consumption and non-consumption, and we have information on media usage. By supplementing this knowledge with digital components, such as opinions and comments submitted in blogs, forums and social networks or searching and purchasing habits on the internet, we can provide entirely new dimensions of knowledge.

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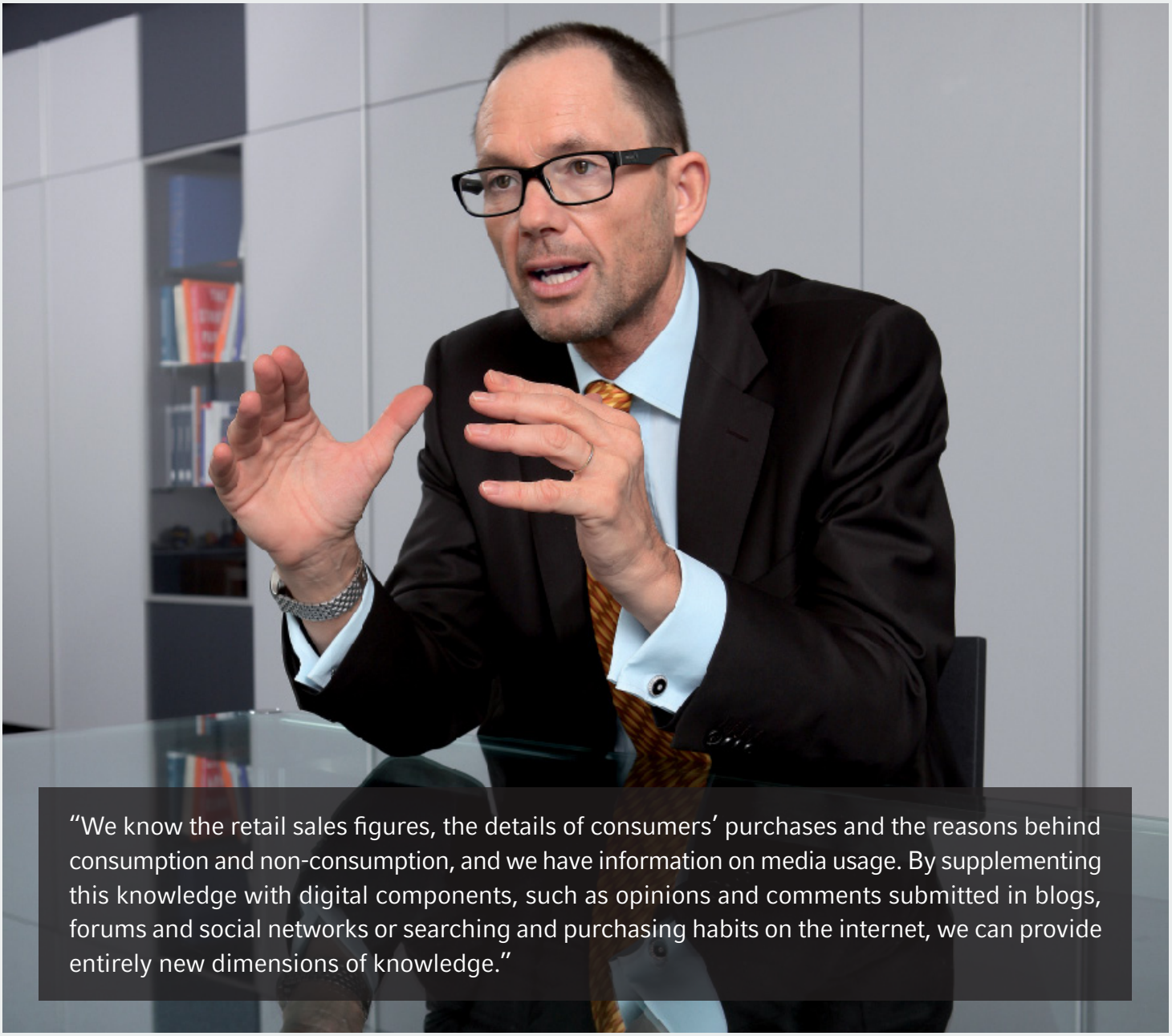
BUT IN RESEARCHING INTERNET CONTENT OF THIS KIND, THE MARKET RESEARCH INDUSTRY FINDS ITSELF IN A COMPLETELY NEW COMPETITIVE ENVIRONMENT.

That's true. In almost every country in the world, small and large technologically advanced companies are monitoring and collecting digital traces on the net and putting these together to produce a supposedly realistic impression of individual consumers. However, many of these business models will soon be prohibited and they are also missing the reference value of the "analog world", in which consumers continue to be active. Established market research companies like GfK do offer this benchmark, and the data they provide constitutes the normal "currency" in many markets. At GfK, for example, this applies at international level to sales figures for technical consumer goods and at local level to our media research.

Our new "competition" may sometimes appear to be more innovative and lower-priced, but at GfK we easily compensate for this with our experience, quality and long-term perspective in handling data, as well as our carefully selected partnerships. As a result, we are the independent authority in the online sphere and are even gaining these new digital competitors as clients.
Click here to read more of this article.



CEO Professor Dr. Klaus L. Wübbenhorst is confident that GfK is well equipped for the future

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GfK's new approaches to digital research

What the .dx is happening with digital?

The consumer has become a digital individual; to fully explore that shift, researchers have had to go digital too – and this clearly goes beyond "traditional" online surveys. GfK's ad-hoc research in "digital" is forging ahead, with their latest instruments grouped under the brand "GfK .dx solutions".

By Norbert Wirth, GfK Custom Research, UK

For GfK, digital research covers two areas: the first is investigating digital markets and consumers' digital lifestyles and behavior, i.e. where and how people are interacting with the digital environment. The second is using digital techniques to undertake research into a market, e.g. collecting data via mobile phones, using cookie technology to understand peoples' exposure to advertisements on the web, using blog or online forum qualitative approaches to engage respondents in a discussion about new product ideas.

Digital is changing consumer lifestyles and markets

With the explosion of devices allowing fast and easy access to the online world, digital is changing how consumers communicate, shop, gather information on products and services, engage with brands and interact with companies. The number of touch points that consumers now have with their favorite brands is vast – covering, as it does, both offline (high street shops, print advertising, etc.) and online (websites, online ads, social forums…) mechanisms. And the popularity of the digital world hasn't just changed the number of these contacts: it's also opened up a whole new range of communication tools and information pools that market research can tap into – from monitoring social media, to engaging with online communities, to web mining, digital qualitative, online behavioral tracking, online ad tracking… the list goes on.

Market research must be able to investigate all of these touch points, and a key part of that role is advising clients on what technique will be most effective for their needs. It's the market researcher's job to understand each and every tool within the vast array of both "traditional" and digital research techniques and know which will work best for any given situation.

GfK .dx solutions

With a fast growing array of digitally enabled research techniques being developed around GfK's ad-hoc research, GfK grouped its digital offerings under the umbrella brand, GfK .dx solutions, with each offering being fully integrated into GfK's research and targeted at a specific objective.

Unlike at some other research agencies, GfK has not just bolted a "digital team" onto the company, to run alongside the "regular" researchers. At GfK, experienced sector specialists are getting full access to a digital toolbox, so they are becoming digital experts as well. Many of them have already taken this journey and can now unleash the full potential of digital research to support their clients. GfK is blending its research experience with the new digital techniques, balanced alongside its traditional tools. This means the research packages GfK designs contain truly integrated approaches of all types – traditional and digital – not just "bolt on" ideas that will fail to reach into the far corners of the research requirements. With a full suite of tools directly under their control, GfK's researchers are able to answer the full research picture for their clients.

The first three products that have been brought under the GfK .dx umbrella are GfKSiteObSurvey.dx, GfKMarketObSurvey.dx and GfKSocioLog.dx – and there are a whole lot more in the pipeline.

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GfKSiteObSurvey.dx

GfKSiteObSurvey.dx is an ad-hoc research approach created together with GfK's subsidiary and online research expert, nurago, which analyzes the usage of a website: its usability and the user experience. It works in one of two ways: either independent visitors to the site receive a "layer" (can't be blocked, as "pop-ups" can be) as they land, asking if they would participate in a short survey on the site's usability. Those who accept complete their visit as planned, before answering questions on their experience. Alternatively, GfK uses existing panel members, targeting those who match the site's own audience profile. These people are asked to go to the site and to carry out a specific task, such as finding an item of information; they then fill in the survey questions directly afterwards.

In both these cases, GfK asks the respondents for permission to track their usage of the website. So, in addition to the survey response, the market researchers also get information on how each person has actually navigated through the site. This is the main difference between GfKSiteObSurvey.dx and a standard feedback survey – and this makes GfKSiteObSurvey.dx much more powerful. GfKSiteObSurvey.dx was used in GfK's work last year for the global Advertising Research Foundation (ARF), when they wanted to improve the user experience for visitors to their website, www.thearf.org. The study investigated: who is using the site; what the main reasons are for visiting the site; do users succeed in what they want to do on the site; what are the most critical issues on the site; how is the website perceived on the key dimensions of usability, design, emotional appeal and content; how does the website contribute to the understanding of the role of ARF and the ARF image in general; which further features on the site may be useful for users; and what potential changes to the site might improve the user experience?

The survey recruited from actual visitors to the site and collected 214 participants in total. The results were illuminating: GfK found that the main reason people visited the site (to gather information) was also the area they quoted most as being where the site fell short of their expectations (lack of information provided on the site). Even leaving out the rest of the findings delivered by the survey, this one insight on its own gave ARF a clear steer on how to make a huge improvement in the user experience.

Click here to read more of this article.

GfK's digital research links the world

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Privacy and compliance in digital market research

A new breed of data

As internet companies, online advertisers and market research firms embrace Web 2.0 and new business models, data privacy regulators are weighing in to ensure consumers' privacy rights are respected. GfK is at the forefront of this issue. It understands the trends in the digital space and transforms its knowledge into best-in-class privacy and data protection practices.

By David W. Stark, GfK SE, Canada

Technology is changing the way we work, communicate and spend our leisure time. Virtually every organization in every sector has been affected to some degree by rapid technological advancements in recent years. The market research industry is witnessing two broad trends:

- In quantitative research, there is a shift from the use of probability-based samples to working with convenience samples. The most obvious example of this is the growth of internet-based interviews as a data collection method. Virtually non-existent 15 years ago, the total estimated worldwide spend on online research in 2010 was nearly 4.6 billion US dollars, up 9% from 2009. A significant proportion of online research is conducted using panels and online communities.

- There is also an increase in observational research and passive data collection. Whether it is conducting ethnographic research, experimenting with neuroscience, monitoring what people are saying in the blogosphere and on social networking sites, or measuring online ad impressions through the use of cookies – to name but a few examples – traditional survey questionnaires are not necessary for a growing amount of research that is conducted today.

At the heart of both trends are innovative technologies, Web 2.0 and in particular social media.

GfK plays a leadership role

The legal and privacy issues associated with the new ways that market research is conducted today have to be considered very carefully. Talented, knowledgeable professionals throughout each market research firm are needed, who can help to ensure that the projects undertaken for their clients comply with pertinent laws and recognized industry codes of conduct. ESOMAR's code predates many privacy laws, as do the codes of other long-established industry associations. Market research organizations have a long and proud history of treating respondents' privacy with great care in accordance with industry guidelines. They know how to collect and process information responsibly and render it in an anonymous form. This strong foundation should help the industry maintain a positive climate for research as legislators and regulators take stock of the new ways researchers collect data today. However, even reputable research firms can make mistakes in fast-changing environments where industry guidelines and laws do not squarely address technological developments and new business models.

At GfK, in-house lawyers and compliance professionals provide privacy advice to their business colleagues both at local and international levels. In addition, a number of employees are making significant contributions to prominent industry associations and committees that are focused on the development of industry guidelines in new areas of research, including social media, mobile interactive, and online behavioral advertising and web tracking research.

The advancement of new industry association guidelines in which GfK is actively involved is informed by a strong desire to protect respondents. Tracking cookies, device identification and web scraping are among the topics that are being addressed in industry guidelines. Data privacy regulators are also focusing on these and other technologies.

Taking a bite out of cookies

Cookies are small text files websites set on users' computers for a variety of purposes, including analyzing web traffic, recognizing prior visitors and accommodating their preferences. Online advertising networks use cookies to track consumers' movements across multiple websites in order to display relevant advertising. This is known as behavioral advertising and it is commanding regulators' scrutiny. Concerns have been expressed over whether the information gathered from consumers' browsing activity is truly anonymous and whether they have sufficient tools at their disposal to be able to opt-out of being tracked. In market research, tracking cookies can be used to measure ad impressions or specific website content, which can be linked with attitudinal and demographic data collected in surveys and reported anonymously. Clear notice and informed consent are required, though, and respondents should be given the option of opting-out of receiving tracking cookies.

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For an in-depth interview with David Stark, click here.

GfK's market research is focused on privacy

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How digital evolution is creating new markets and market segments

Learning from leopards

In the mid-19th century, the British naturalist Charles Darwin sought to explain the diversity of life. In his theory of evolution, he finally demonstrated how plants and animals adapt to their habitats during a process of optimization that lasts millions of years, changing and dividing themselves into different species. Some years ago, these ideas began to find their way into social and philosophical areas of research. The digitalization of the technological world also takes on a whole new meaning when viewed from an evolutionary perspective.

By Dr. Rudolf Aunkofer, GfK Retail and Technology, Germany

Evolution, as described by Darwin, is a slow, gradual process in which all creatures that exist today, with their diverse characteristics, have developed from the simplest forms of life. All biological species therefore have a common origin and are related to one another to a lesser or greater extent.

A common origin can also be identified in the digital world: the mainframe computer, which was conceived in the 1930s and 1940s. The three "progenitors", Zuse Z3, Mark I and ENIAC, were just the beginning of a development process that eventually produced the personal computer in the mid-1970s. Each of the many variations of the PC – such as the Xerox Alto, the MITS Altair 8800, the TRS-80 from Radio Shack, the Apple I and II, the Commodore PET and the IBM PC 5150 – in turn formed the basis for an amazing variety of new "species".

Software – the DNA of the digital world

It was not just the appearance of the personal computer that altered quickly and radically over the years. Its inner workings, the software, also underwent major changes. Thanks to the invention of the microprocessor, its continuous miniaturization and increasing capabilities, computers and mini computers called "embedded systems" are now integrated in a number of products, such as mobile phones, navigation systems, digital cameras, portable media players and netbooks, as well as household appliances and perhaps pieces of clothing or jewelry in the near future. Digital technology has conquered virtually all areas of life. Ultimately, these new products are a symbiosis of hardware and software, and their software could almost be viewed as a form of DNA – because like genes, their bits contain concrete product information.

Take, for example, a smartphone: externally, almost all manufacturers' touch screen designs look very similar. But the difference is on the inside: through the installation of small software programs called applets, the device can be adapted to meet any individual requirements. And the needs of users now extend far beyond simply making phone calls. They want to be integrated in virtual worlds, to access all information on the internet at short notice, or to watch mobile TV. Therefore, alongside general technological progress, it is the selective behavior of users that really steers the development of products. As in nature, the "survival of the fittest" principle also applies here – the best-adapted device comes out on top. It could even be said that the smartphone in its current form is simply a miniaturized monitor or TV screen that has been adapted to the preferences of its mobile connected users.

However, despite the variety in the field of digital development, there are also products which have not been able to adapt to changes in the pattern of demand – and which therefore represent a dead end from an evolutionary perspective. Examples include the home computers from Atari and Commodore, the PDAs from Psion and Palm and the Newton from Apple. Similarly, traditional scanners and dot matrix printers, for example, belong to a "species" that can only survive in certain narrowly defined niches.

The internet as a driving force

The mass medium of the internet, with its overwhelming variety of blogs, online communities, social networks and shopping opportunities, is a major driving force behind the varied design of digital products. Since the content of individual internet usage is different and the way in which this content is accessed varies at local, regional and global level, products must therefore be designed accordingly.

Screens are a good example of this. On the one hand, displays designed for stationary use are becoming increasingly large: there are now huge public screens for watching football matches in public and TV sets have reached sizes of 32 inches or more. On the other hand, there is a trend towards miniaturization when it comes to mobile devices. Manufacturers are already producing mobile phone displays with 3 to 4-inch diagonals and netbook screens with 10 to 13-inch diagonals.

It is interesting to note that up to now – similar to a selective process of evolution – only one product category has been able to assert itself on the market for each display size. For example, screens with 13-inch diagonals are almost exclusively produced for netbooks, and 7-inch screens are currently only used for the new generation of tablets. This is reminiscent of Darwin's finches on the Galapagos Islands. On each island, the birds developed to form an independent, new species of finch, and to this day the individual species can only be found on their respective islands. The shape of their beaks, their plumage and their body size adapted to the natural conditions of their habitat.

Click here to read more of this article.

Smoke signals are the origin of all communication. Over a thousand years of constant evolution, the tree of communication has gained many different, increasingly digitalized branches

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The digital revolution – a challenge for the entertainment industry

Welcome to the world of downloads

Cinema, books, music, computer games or DVDs: never before have we watched, read, listened or played as much as we do today. The world of entertainment is firmly established in daily life. Anyone can enter it through a wide range of media – and an increasing number of people have done so. Since the internet made its breakthrough, entertainment products have been more rapidly and easily available. This applies not only to the data carriers, but primarily to the content itself. The process of digitalization has not stopped at entertainment media: downloads have thrown up a host of new challenges for the whole entertainment industry.

By Ulrike Altig, GfK Media, Germany

Entertainment? What exactly is entertainment? In general terms, it can be defined as an engaging activity which is enjoyed during spare time. More precisely: a consumer experiences a product that has been conceived and produced by somebody else. Using this definition, entertainment has already existed since the beginning of mankind, as in storytelling and singing. These became more widely available and lasted longer due to the emergence of the written word and the invention of printing in 1450. Music followed suit a few centuries later and, subsequently, the cinema and video games markets developed. These entertainment segments all have one thing in common: they have always been trend setters since. They have also undergone a number of fundamental technical changes.

In the music business ease of use, quality and availability have constantly improved. Technology has progressed from wax cylinders to records, from music cassettes to compact discs, from music DVDs to digital downloads and on demand streaming. New formats have enhanced or replaced predecessors. Bearing this in mind there is one fundamental entertainment characteristic that has never changed. Everything revolves around the product and the content, rather than the medium on which it is conveyed, stored or presented.

The product is more important than the channel

Let's turn back the clock to 1982. Following "Off The Wall", Michael Jackson finally achieved international solo success with his record-breaking album "Thriller". His unique way to dance, stage presence and musical originality remain beyond compare to this day. His countless entries in the charts with "Thriller", including eleven No. 1s in Germany and the top spots in the USA, Japan and Australia, speak for themselves. In the 80s, music was almost exclusively bought in the form of analog records and cassette tapes. Digital compact discs had only just been launched on the market at that time. In 1991 changes occurred as the CD quickly established itself as a serious alternative medium. Music fans moved with the times, and started to buy all three different types of media, helping Jackson achieve global fame with "Dangerous".

In the new millennium the CD became the dominant market force. The "old" music cassettes and new DVDs lagged some way behind. Vinyl records only played a minor role. What of Michael Jackson? He carried on where he left off, once again taking over the international charts with "Invincible". This song took him straight to No. 1 in countries such as the UK, Sweden, the USA and Australia. The new millennium also marked the onset of digital downloads. File sharing services like "Napster" made

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illegal global access to MP3 files possible. The iPod helped legal downloads achieve a breakthrough. The portable, digital media player was firmly established from the middle of the noughties. Music downloads became the norm and, as a result, sales on the physical market steadily dropped. Between 2002 and 2010 sales of CDs, music DVDs, records and cassette tapes fell by a total of 52% in Germany, the Netherlands and France. In the last three years alone, sales of physical music media in Western Europe have declined by 20%, while music downloads sales have increased by 62%.

Click here to read more of this article.

Exciting new download world: an increasing number of music fans listen to their favorite songs on their iPods

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GfK is responding to changes in media consumption with its UMS measurement universe

Media to go

Did you miss the casting show yesterday? No time to watch the crime drama tomorrow evening? No problem – thanks to digital technology. Watching TV and listening to the radio at a later time online is increasingly becoming the norm around the world. And in order to accurately record the complex changes in media consumption behavior as a result of digital technology, one measuring device alone is no longer enough. In fact, an entire measurement universe is necessary to do this successfully. GfK's is called UMS – Universal Meter System.

By Dr. Tanja Hackenbruch, GfK Switzerland

He should really be asleep by now, but Peter is still watching Billy Wilder's "One, Two, Three" on TV. He rarely watches a single channel for an extended period or stays up late to see the end of a program. Usually, he simply turns on the TV before going to bed and flicks through the channels for about an hour. He loves watching films in the original language and can't stand poor dubbing. For this reason in particular, he is grateful for his digital receiver, which not only offers him a large choice of films but also multichannel audio.

The next morning, though not feeling particularly well rested, Peter is already on his way to work and is listening to the radio in the car. He has it set to his favorite station and rarely changes to a different one. He knows the presenters, appreciates their jokes and likes the music.

In his lunch break, he regularly watches the latest TV news via podcast on his own tablet PC. His working hours are not fixed, so he can take his lunch break whenever it's convenient.

There are weekends when Peter would really prefer not to get out of bed at all, particularly after a merry evening watching football in the pub with his friends the night before. On days like this, he grabs his tablet PC and a cup of coffee and slips back into bed. Then he uses an online service provider to click through the various broadcasters' Sunday programs. He loves this type of TV, which allows him to have some of the better Sunday programs running in one window while he browses his personal emails, surfs the net a bit, looks up this and that, chats and forwards links to others.

New questions to media research

Peter's media consumption behavior presents media research with completely new challenges. For example, while a few years ago it was sufficient for providers of TV and radio programs to know the total number of users who watch or listen to a program, today it is also necessary to show how many people use which platforms and which devices. Is it in the interest of providers to also make a program available online, in addition to distribution on cable TV online? Do programs need to be optimized for viewing on mobile phones? And of course, it is also interesting to know whether there are a lot of people like Peter who watch a program in the original language and whether it is profitable to integrate the capacity for two audio tracks in the transmission medium.

Of course, it is in the interests of every media provider to ensure that expensively produced content is reused as often as possible. However, this leads to a process of convergence in which the boundaries between traditional forms of media and also between different modes of transmission become blurred. Take, for example, TV viewing: the same content can be watched on a TV or a computer. Transmission can take place via analog or digital technology, cable, satellite, terrestrial or IP-TV, live, streamed or time-shifted. And while the medium of TV used to generally be synonymous with TV sets, nowadays computers and, to an increasing extent, mobile phones must also be considered as terminals.

The UMS measurement universe

In order to accomplish this in developed markets, it is, for example, no longer sufficient to equip TV sets in private

households with a stationary measurement device. Swiss GfK Telecontrol, the GfK company specializing in electronic audience measurement, has therefore added a real measurement universe to its range of tools: the GfK Telecontrol Universal Meter System UMS. Depending on the area of application and the market conditions, a variety of different devices are used. Together, they record consumption of TV, radio, print media and the internet, in and outside the home, and with reference to all modes of transmission. And this is all done within just one panel – one single defined, representative group of people.

Click here to read more of this article.

Together, the Mediawatch, USX and the UMX fixmeter make up GfK Telecontrol's measurement universe: UMS