

Our approach

The Business of Evidence 2016 study consisted of 3 main stages:

1. **Desk based research.** This involved building on the results of The Business of Evidence 2012 study¹ and gathering market intelligence from various sources including, but not limited to, the Market Research Society, the ONS Annual Business Survey, and the Economic and Social Research Council. Where possible methods used were consistent with the 2012 study to allow the results to be directly comparable across the sectors.
2. **Online survey.** An online survey was constructed and launched to both research suppliers and companies with in-house research departments. This survey achieved 110 valid responses and was administered by an online research panel. Respondents were spread across each of the sectors reflected in our report.
3. **Depth interviews.** Key stakeholders in the Market and Social Research sector were asked to undertake depth interviews to provide their views on the market and how it has grown and changed since the 2012 study. These interviews along with the online survey results were used to supplement and enhance the intelligence gleaned from the desk research.

It should be noted that the approach outlined in this document is high level in nature and provides an overview of the business of evidence market as a whole. The key findings should be considered as indicative in nature and subject to confirmation and elaboration through more detailed research and evaluation.

In order to estimate the total size of the market, methods consistent with the 2012 study were used as far as possible, splitting the market into several areas as outlined below:

- Core Suppliers (research service providers and data research providers);
- Data analytics;
- Other private sector organisations;
- Higher education institutions;
- Central Government;
- Local Government;
- Think tanks; and
- Charities.

In order to estimate the Gross Value Added (GVA) of each area and therefore for the market as a whole, two approaches were undertaken. For Core Suppliers and Data Analytics turnover data gained from the Market Research Society and Forbes respectively were used. To these turnover figures, a GVA to Turnover ratio was applied to turnover based on that used by the Office of National Statistics and replicating the method used in the 2012 methodology.

For all other sectors we have used both primary and secondary data to establish employment costs based on numbers of Full-time equivalents (FTEs) and salary information. Employment costs were then applied to the GVA estimate again based on those used by the ONS and replicating the 2012 methodology. More detail is available on these calculations below.

To summarise, estimates are based on either employment costs or turnover figures to establish GVA, secondary data has been used to establish the base of this data which was sense checked with the primary data gathered.

¹ https://www.mrs.org.uk/pdf/The_Business_of_Evidence_Final_o8102012.pdf

GVA CALCULATIONS

For the eight areas of our study, we sought to develop an estimate of the scale of their research activities. Across the eight areas we have developed estimates for:

- Employment (FTEs).
- Gross Value Added (GVA).

It is important to note the following points: firstly, any secondary research conducted has been used to supplement, where possible, figures provided in the online survey and interviews. Secondly, the secondary information was mainly based on the most recent data available which was generally 2014. We were conscious that this measured the market at a point in time, but is hopefully reflective of the 'natural' size of the market. We have been able to compare this data with that used in our 2012 study to sense check our market estimates.

The employment estimates have been developed by PwC, based on the online survey and interviews we conducted, secondary research (primarily based on ONS statistics), the bands created in our 2012 study and other assumptions.

The GVA estimates have been developed using ONS statistics. Ideally, GVA estimates would be developed from turnover figures, but some of the sectors will not have this information available. For example, Public Sector organisations, do not produce turnover figures, and in large national and multi-national organisations, market research is reported as an expenditure component, and so relevant turnover data is not available.

Where turnover was available, GVA has been calculated using a ratio of GVA to Turnover of circa 0.6:1.

We have also used employment costs as a bridge to obtain GVA figures. The result is that we have used the estimated wage and salary bill (employment costs) for six of the eight sectors: other private sector organisations, higher education, Central Government and Local Government, think tanks and charities. We used turnover figures for core suppliers and data analytics.

Where employment costs have been used, GVA was calculated using a ratio of costs to GVA of 1.8:1.

The ONS statistics provide the relationship between employment costs, GVA and turnover. This enables us to calculate an estimated GVA value across each of the eight areas.