The value of survey data for the investment community: 
3 things to know

Introduction

Investment management (IM) companies have no shortage of metrics available to better guide their investment decisions—from sales transactions to earnings per share and cash flow estimates, the amount of information available to drive sound decisions is almost endless. Other IMs may also look at nontraditional data sources, such as social media and news sources, as a way to expand their datasets and help minimize strategic risks inherent in investment decisions.

Survey data should find a home among your organization’s datasets. In this paper, we explore the value of survey data for the investment community, underscoring 3 key things we think you should know about the ways this data can inform your investment decisions.

“Understanding a CEO’s business is important when walking into any management meeting, and using survey data as a source of insight is extremely valuable when understanding and demonstrating knowledge of what’s going on in the market.”

Benjamin C. Spero
Managing Director, Spectrum Equity Investors
How does survey fit into your current datasets?

Survey data, or survey research, involves collecting information from a group of people as they respond to a series of questions you present. This methodology often involves asking a mixture of targeted and open-ended questions as a way to explore and measure human and social behavior.

Right now, you may be relying on a combination of transactional and point-of-sale data, as well as financial metrics and stock prices for companies in your target industries. The challenge with limiting your information to these types of data, however, is that they’re restricted to a moment in time; they don’t tell the broader story of what you might expect in the future.

Consider an example: when the COVID-19 pandemic led many states to issue stay-at-home orders, transactional and point of sale data from industries like travel, hospitality, and entertainment all but disappeared. To a degree, this same thing happened to the retail industry, although many of those transactions moved even further into online commerce spaces. In the absence of this type of data, how do you make well-informed decisions about which organizations to invest in?

Understand consumer sentiment and where it’s heading

From an investment standpoint, transactional data can be extremely valuable in revealing a clear uptick or downturn in sales. Sometimes significant shifts happen, and they can have an immediate impact on a company’s short-term financial wellbeing. But that data doesn’t help you understand consumer sentiment or where it’s heading, what recovery might look like, or how long it might take.

With survey data, however, you can keep an ongoing pulse of consumers in your target market, checking in with them as often as every day if that’s what your investments require. And you can analyze those responses by age, gender, geography, household income—nearly any demographic—in a much more visible and granular way than you can with transactional data. All of this can help your firm stay ahead of any meaningful inflections and changes to market conditions and consumer sentiment.

Moreover, you can ask questions that go beyond “How much did you spend on food last month?” to truly understand how consumers are behaving, whether they’re spending more or less than before, what they’re worried about, and what they expect the future to hold.

3 ways investment firms can gain a competitive edge using survey data

Here’s where integrating survey data into your decision-making processes becomes critical—and it’s the first of our 3 things you should know.

1. Understand consumer sentiment and where it’s heading

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And that’s just the beginning of what you can measure and analyze. While transactional data will tell you that sales at a particular brand rose in March, that data can’t give you the backstory. You’ll also need to also know why people chose that brand over another, what they purchased, why they purchased it, whether they’ll buy again—these are the real insights that give you the fullest possible picture.

In other words, you can rely on survey data to answer questions you thought were unanswerable, to test and measure theories and hypotheticals, and to inform the decisions you make about your investment portfolios.

**2 Collect proprietary data that offers investors exclusive insights**

The third-party data resources you use for your investment purposes are rarely proprietary and often shared with other IMs. Because investment firms tend to rely on the same common sources for industry data, what separates your firm from another is how you manipulate, analyze, and interpret the information to make the best possible investment decisions—those that make the most money for you and your clients.

Success is all about having an edge, which brings us to the second thing you should know: Survey data means having access to information that’s yours alone. When you take on a survey research project, the results of those surveys are exclusively yours. No one else will have access to that information, or even know where you got it.

For example, if you’re trying to demonstrate to a potential client that you’re more than simply a source of capital—that you’re a partner in their success—you can quickly stand up a market research survey. This survey can reveal clear, perhaps new, insights about the client’s business in ways that are simply not available through typical channels. It’s this type of proprietary research that will truly resonate with clients and set your firm ahead of the rest. Further, survey research enables IMs to reach a variety of target audiences. Whether you need insights based on thousands of general consumers or information from a specific niche audience, you can accomplish that with survey data.

“You don’t need to necessarily be that far ahead of what’s going on to be able to make decisions that will have a material impact to your business or investment portfolio. If you’re just a little bit ahead, that edge is really what matters.”

*Jason Schenker*
Chairman, The Futurist Institute
Fresh data is the most accurate data

One thing we are pretty clear about is that current market conditions are dynamic and predicting what the future holds is harder than ever. How can you make the best possible investment decisions when even the newest data available lags weeks behind reality?

The truth is that you want data that’s as close as possible to current. Even quarterly numbers get stale in a market such as this one. If the data you need isn’t out there, you have to go collect it—and that’s the third thing you should know. Fresh data is the best data you can use to make the best possible decisions, all because they’re based on what’s happening in the here-and-now.

An ongoing survey project gives you more than great data though; you can update it in real time to adapt to changes in the market. Let’s say, for example, you were running a recurring daily tracker to measure sentiment about a particular brand. But in light of consumer behavior changes related to the COVID-19 pandemic, you need new types of information. You can easily add questions to your survey to begin collecting that data as soon as the next day. The same simply can’t be said for other types of transactional industry data.

“We should be polling all the time, so we have a stable of information that we can understand and separate the signal from the noise.”
Jon Cohen Chief Research Officer, SurveyMonkey

Use survey data to make better investment decisions

By enriching your current business intelligence datasets with survey research, IMs can uncover the insights that help make the best possible decisions for your business. And while selecting a platform, designing and delivering surveys, and analyzing results can seem overwhelming, the truth is simple: it doesn’t have to be. Working with a partner whose experience and expertise span decades, millions of surveys, and countless hours managing projects can contribute to your long-term success.

If you’re ready to learn more about how survey data can help you make better investment decisions, SurveyMonkey Market Research Solutions are here to help.

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*Deloitte.