



# The Broadsword and the Scalpel: Perspectives on Market Research in the Age of ChatGPT

**What role can ChatGPT and its competitors play in market research? Magnolia Innovation, a leading health care industry market research firm, cuts through the hype to decipher how this new generation of AI might (or might not) affect how we do business.**

We at Magnolia Innovation pride ourselves for taking on longshot challenges in the pharmaceutical arena and doing the kind of work that changes the odds. Our founding partner Diego Rodriguez wanted to know the effect the current generation of AI systems would have on every aspect of market research. So he rounded up his go-to group of geniuses, brought in a couple of special guests—and one extensively publicized chatbot AI—and, in the time-honored tradition of market researchers everywhere, asked his thoughtfully selected focus group some questions.

Diego's sample included several Magnolios: a founding partner, 2 associate partners, a director, a training specialist, and a manager. From outside the company he spoke with a longstanding business partner who is the head of analytics at a pharmaceutical commercialization consultancy, and, of course, the current belle of the ball, ChatGPT 3.5. Each had a unique perspective on the role AI might play in their field of expertise. All were asked about the impact of AI on market research, both now and in the future.

## Responses ranged from the excited through the unimpressed to the despondent.

Interestingly, some respondents were most excited by the same things others found most troubling.

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### ChatGPT: Hope? Or Hype?

“Google is stone-age,” according to Magnolia manager Yu Xu, a PhD in information systems with a research focus on human/computer interactions, who has been with the company since 2021. “ChatGPT is Google, perfected.” At his first encounter with ChatGPT, he expected it would function like an overamped search engine. He was delighted to be wrong. “I was amazed at the level of problem-solving skills it has.”

Ken Howie, a founding partner of Magnolia Innovation, regards the impact of ChatGPT—and AI in general—with balanced optimism. These technologies cannot substitute for the core work of market research, in his view, but he shares some of his colleague Xu’s excitement. In market research, Howie explains, “we are perpetually presented with steep learning curves. Even if you’re a subject matter expert in a certain area of health care, you’re a complete novice in a different area.” Faced with this problem, ChatGPT and its ilk

**“can turn ordinary employees into superhumans. It can turn a good researcher into an even deeper researcher, creating greater efficiencies and going beyond their human limits.”**

**-Howie**

Markus Walz sees that as well. An associate partner at Magnolia, Walz has been with the company since 2017, and he sees the possibilities for a powerful search engine capable of nuance. “It’s useful to type into the program: *give me the rationale to use certain treatments in a certain condition depending on the staging*. And all of a sudden you get a 2-page paragraph written out of everything you need to know.

There’s clearly a value for that for people working in the market research and consulting industry because we’re always strapped for time, so to have something like that ready to go at the click of a button is potentially amazing.”

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### Drawbacks and Downsides

Rony Ben-David, a director at Magnolia, offers some caveats:

**“ChatGPT has been known to put out incorrect information. When something is presented as fact, it should still be verified through other sources. When it is used for processes like coding of qualitative data, at this time you cannot simply accept the output without vetting it, as the tool can miss certain nuances.”**

**-Ben-David**

While Ben-David is still an advocate of selectively using ChatGPT with those caveats in mind, he is also aware that anything inputted into ChatGPT instantly becomes part of the public domain. “We have to be very careful about what we enter,” he points out. “We want to be sure we don’t give it any of our—or our clients’—protected or proprietary information.”

Associate Partner Jacob Maso, a long-time Magnolio with over 10,000 market research interviews under his belt, also compares ChatGPT to Google—but isn't nearly as excited. "It's good at scraping the internet for information and providing it to people in a conversational way, but I don't see it as that much better than Google, really. It's just a little more user-friendly." He also doesn't see much use for it as a replacement for primary market research.

**“With ChatGPT there’s no way to know whose opinions you’re looking at. I don’t think I’ve ever worked on a project over my 23 years of doing this where the client didn’t care whose opinions they were seeing.”**

**-Maso**

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### **But Will It Take Your Job?**

Much has been written about the impact of AI on the workplace. The Magnolia experts saw both sides of the issue. On the one hand, Enrique Arvelo, head of analytics at Biotech Value Advisors, a longstanding business partner of Magnolia, expressed a common concern: "If your job consists in writing questionnaires in perfect grammar, the AI is probably going to do it better than you. If your job is to produce a beautiful presentation that has a perfect palette of colors, the AI is probably going to do it better than you."

On the other hand, Ken Howie looks at the same phenomenon and sees an unexpected upside. From his perspective as a company leader, "there's an enormous opportunity to be able to tell potential employees 'we've invested a lot in internal systems that can significantly reduce some of the more tedious and time-consuming work. You still need the human touch, but we can get you half the way there with current technology.' I think that could be a huge value prop, both for hiring and internally."

What about for knowledge workers higher up on the totem pole? Arvelo sees a benefit: automating certain tasks frees up time for the hard work a machine can't do. "I use it a lot for coding," he explains. "You tell it the problem, and it will give you the code. Or you give it the code, and it tells you what is wrong or how to correct it or gives you suggestions to improve it."

He feels this can change the outcome of a project by freeing up human insight and creativity when it's needed most. "When you're working on a project with a lot of facets, sometimes when you get to the very end, you have to rush it, and you think 'if I only had another day or another week, if only I had paid attention to the interview instead of taking notes, if only I hadn't spent 4 hours doing a graph instead of thinking about the implications, then I could have done a better job.'" For Arvelo, the benefit of using AI is that it allows him the time to think more deeply about the ultimate product of his labors and less about the various steps of production.

Maso also sees that automating certain labor-consuming tasks could free up time—though how that time gets used would be another matter. "Hopefully there would be more time for storytelling if we are spending less time on analytics. But probably the way it works out is that you just have to move to your next project faster, and you don't win that time back."

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## Can AI Be Trusted to Train?

Training is another area at which Magnolia excels, and within that purview, Kate Klemme, Magnolia's director of learning and development, offers a quite different perspective on the utility of AI products like ChatGPT. Klemme is singularly focused on the interpersonal dynamics of successful business training in the pharmaceutical space, and she sees ChatGPT as, potentially, a strong tool in her efforts. "There are definitely some things about it that I think are relevant to training that are opening up new doors," Klemme says. "One of the goals of training is to remove barriers that draw the learner's attention away from the content." According to Klemme, when ChatGPT and the other AI products are incorporated into training, "the learner can interact in a conversational way. It increases the approachability of the experience." For many, that may feel like a barrier has been removed.

Another area where Klemme sees AI as useful is in one of the most important tasks for any educator: giving feedback. "Research demonstrates that giving feedback on wrong answers strengthens retention more than testing alone." In practical terms: timely corrective feedback prevents the learner from remembering incorrect information. "It's part of the cyclical learning process that's really critical." The downside, Klemme explains, is that "providing feedback is extremely time-consuming, and it has to be done in a customized way." That becomes infinitely more difficult in a large program with tight time constraints and lots of learners. AI systems provide an opportunity to give fully individualized feedback more frequently than what Klemme and her team could do alone.

Klemme also has very specific concerns over and above the standard apprehensions about accuracy of information: these programs don't have what she describes as soft skills. ChatGPT may have a conversational tone, but

**"it's missing the nuances of body language and other factors that can impact a sales representative going through the learning experience."**

**-Klemme**

Ultimately, Klemme feels that this new technology "magnifies what we can do. The people we're training don't just have to sit and click through slides and read and kind of hope that they're retaining something. We can use this to make sure they're retaining something based on the science of learning and the science of these technologies."

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## But Can It Actually Do Market Research?

For the majority of Diego's sample, the best thing about ChatGPT is its ability to take up lower-level, labor-consumptive tasks to free up workers for higher-echelon thinking. With clear sight of all the caveats, what tasks can these AI systems perform that would actually benefit market researchers and their clients?

Howie sees one key dividend: "One of the hardest things to do in our space is to answer the question: how much money does this competitor make? There's lots of smoke and mirrors," even with public disclosure of revenue. "Rarely is it broken down to the level of the therapy that we're interested in." Howie estimates that in a given year, teams will take as much as 200 hours just to get enough data to begin an analysis. Howie sees baking AI into the desk research underlying secondary analysis as a fundamental change in the way researchers answer these questions.

Quantitative analysis projects like these may be a natural for a well-curated AI program. Howie makes a more inobvious connection with “qual,” the qualitative side of the equation. “There’s a lot of inefficiency when you’re talking to a human being, trying to gather information about their thoughts, perceptions, opinions, and behaviors. There are a lot of inherent biases” that can be identified, recognized and streamlined by AI. For example, combining these new programs with existing research programs, such as computer-aided telephone interview (CATI) programs, may lead to more nuanced insights into how respondents think. “It’s a little outside the obvious,” Howie admits, “but there’s a lot of opportunity.”

And, finally, we asked ChatGPT how it might in future integrate itself into the research methodologies of market research companies specializing in health care. Here’s what it said:

As technology continues to evolve, market research companies specializing in health care may integrate ChatGPT into their research methodologies in even more advanced and sophisticated ways. Here are some potential future integrations:

- 1. Personalized patient support:** With advancements in NLP and machine learning, ChatGPT could provide even more personalized and targeted support to patients. For example, ChatGPT could use patient data to offer customized treatment recommendations or offer support during recovery.
- 2. Predictive analytics:** ChatGPT could be used to analyze data from various sources, such as social media or medical records, to make predictions about future trends and behaviors in the healthcare industry. This could help companies stay ahead of the curve and make more informed business decisions.
- 3. Improved accuracy and speed:** As ChatGPT’s language processing capabilities improve, it could become even better at understanding and interpreting complex medical terminology and jargon. This could lead to more accurate and efficient data analysis, as well as more effective patient support.
- 4. Integration with other technologies:** ChatGPT could be integrated with other emerging technologies, such as virtual reality or wearable devices, to create more immersive and interactive research experiences. For example, ChatGPT could be used to guide patients through virtual reality simulations of medical procedures to gather more accurate feedback.

Overall, as ChatGPT continues to improve and new technologies emerge, market research companies specializing in healthcare will likely find even more innovative ways to integrate it into their research methodologies.



While ChatGPT's answer may not accurately foretell its place in market research, we at Magnolia see it a little more clearly. This new generation of AI can indeed be helpful to market researchers and their clients—but not as a tool of primary research, nor as a trusted source on which to base any important decision-making.

While its ability to assist market research may be unparalleled, we see it as precisely that: a tool that can assist; an apparently tireless junior member of the team whose work is appreciated but must always be vetted by more experienced hands; an experienced supervisor that can review certain categories of work and offer feedback both on substance and style.

In 1733, Alexander Pope wrote that “the proper study of mankind is man.” In terms of understanding how people work, ChatGPT can extend human efforts—but no matter how smart it gets, it will never be able to completely replace them.

**Magnolia Innovation** is a market research consultancy to some of the world's most innovative healthcare companies. We focus on helping our clients answer their toughest strategic questions. For more information, please visit [www.magnoliainnovation.com](http://www.magnoliainnovation.com).

