

Strategic Market Research

A Guide to Conducting Research that Drives Businesses

By

Anne E. Beall, PhD

President, Beall Research & Training, Inc.

iUniverse, Inc.

New York Bloomington

2008

- **Chapter 6** is about how to get to the heart of respondents' emotions and determine the role emotions play in perceptions and behaviors.
- **Chapter 7** discusses statistical analyses and ways they can be used in quantitative work to understand what drives a market.
- **Chapter 8** is about interpreting findings from a market research study; it provides guidelines for how to go beyond the data to help an organization.
- **Chapter 9** is about some of the common pitfalls that occur in market research. I've seen all of them, and they're easy to avoid if you know about them in advance.

2

The Strategic-Question Approach to Market Research

If there is one thing that can make the difference between excellent and poor market research, it's the nature of the question that is being asked. My experience is that the best projects tend to be ones in which a very specific question with strategic significance for an organization is answered. Unfortunately, many research projects tend to have a myriad of vague questions that the organization wants to answer. Often the result of all these questions is a long discussion guide in the case of qualitative research or a long survey in the case of quantitative work. This approach tends to reveal a large amount of information across a variety of topics, but it tends to have little depth.

I once did some work for a dental-supply company that did very little research about its customers. Its customers were dentists all over the country. Because the company did so little market research, the client wanted to know almost everything about the customers. The company wanted to know how dentists viewed their products, how they made decisions, how often they saw representatives from competitors, what they regarded as the strengths and weaknesses of the company's products, and so on. The list was endless. We ended up with a long discussion guide for individual interviews with dentists all over the country. At the end of this study, we knew a little about a lot of things. The client was disappointed. He claimed that he already knew much

of what we had learned and that he had gained few strategic insights about what to do with his company. That experience was a valuable lesson for me.

What I learned was that trying to answer many questions is often less valuable than answering one or two major ones that are important to an organization. With one or two questions, I can obtain the depth required to really answer the questions and provide sound recommendations as a result. I like to compare the dental-supply company with a nonprofit association that approached me about doing market research to determine if it would make sense to change its name. The question was clear and straightforward. Some of their members were advocating a name change because they thought the name was old-fashioned and gave an inaccurate perception of the association. I suggested interviewing members about their perceptions of the association, their perceptions of the name, whether they thought the name should be changed, and if so, what a new name should convey. The results of this research indicated that the association should keep its name but should change its logo and marketing materials. The clients were pleased with the study because it gave them clear answers to a major question, and it provided strategic direction for them.

So clearly having a few good questions is preferable to having a myriad of questions. Sometimes, though, one question can be a poor question. Whenever clients approach me about doing research for them, I always ask what their objective is in conducting this work. On many occasions people will tell me that their company wants to “understand our customers better,” “figure out what’s important to customers,” or “identify how to sell more of our products and services.” All of these questions are very vague, and they presume a number of questions underneath each one. “Understanding our customers better” is not an objective that can be clearly translated into a market research project. Every organization wants to understand its customers or clients. It’s the specifics of what an organization wants to understand that form the basis of a good question.

Assessing Research Questions

So what makes a good question? A good question is very specific about what it wants to learn from a research project. When a good question is answered, it provides a clear direction for the organization. A good way to assess potential research questions is to use the following evaluation criteria:

- Is there a clear strategic question that the organization needs to answer?

- Is this one specific question or a conglomeration of questions? For example, “What is important to customers?” is actually several questions disguised as one question. In contrast, “How important is price when purchasing this product?” is one question.
- Are there *specific* questions that need to be answered in order to address this strategic question?
 - For example, “How much does price play a factor in the purchase of X?” and “What is the price elasticity for product Y?” are specific questions that might need to be answered to address a specific strategic question.
- Is there a current hypothesis about the answer to this question?
 - Are there current beliefs about what we will learn when we conduct this study?
- If the organization knew this information, would they take specific actions as a result?
 - If the organization knew this information, what strategic actions would they take because of this information?

If you can answer “yes” to all the criteria above, then you have an excellent question. See Table 1 for some examples of good and poor research questions.

In many cases, organizations do not approach us with excellent questions. Our job is to help them think through their objectives and to arrive at good questions that will turn into good research designs. We strive to meet the criteria discussed above. In situations where clients have a vague question or a conglomeration of questions, we help them to identify the strategic question. The approach that we use is to ask them a series of questions that will illuminate the major issues. We will ask questions such as:

- What is the major objective of this study?
- Which person or department is driving this research?
- What is the reason they want to conduct research?
- Is there a current issue or problem that is motivating the commission of this research?
- What are some of the *specific* things your organization wants to understand?

- If you had to prioritize the set of things you want to know, what are the first, second, and third things you would want to learn?

We have found that, as clients begin to think about these questions, their vague, conglomerated questions become clearer. A set of questions becomes one strategic question with several specific subquestions that will help us answer that major question.

For example, clients may say that they want to understand their customers better so they can sell more of their housecleaning services. After a discussion, we may find that they had placed ads in newspapers to try to win new customers. These ads did not bring in new business, and they want to understand why. The question of “How do we sell more housecleaning services?” has illuminated the following questions: 1) Do people use ads to find housecleaning services? 2) If they do use ads, what was the problem with these recent ads—why didn’t they work? 3) If people do not use ads, how do they find housecleaning services? 4) What are the criteria people use in evaluating potential housecleaning services—in other words, what do people want to know before they will call to inquire about a housecleaning service? Thus, the strategic question is “What medium and what communications should we use to win new customers?” The specific questions that were just outlined fall under this strategic query.

One of the ways I learn about the important questions of a project is to ask what the current hypotheses are before we begin a study. Hypotheses are the current thoughts about the results of a study—what clients think we may learn. Generally, if there is a hypothesis, there is a specific question. Thus, by asking about what people in the organization currently believe, we are elucidating the issues that clients are talking about and that they will ultimately want answers for in order to do their jobs. We typically ask:

- What do people believe we will learn when we conduct this research?
- What are the current thoughts in the organization about what is happening in the market with regard to this issue?
- What are the reasons people have these hypotheses?

By understanding the hypotheses that our clients hold, we will specifically know the things that they will want to test and what particular answers they are seeking to prove or disprove. For example, with our housecleaning service, the client may believe that people don’t use ads to find house cleaners and that they typically ask friends for referrals. Or this client may hypothesize that people use ads but that the recent ad wasn’t effective because it failed to provide important information.

After defining the major questions for an organization, we always ask how they would use the information. We ask:

- What would the organization do if it knew this information?
- What specific decisions would the organization make in response to this research?
- What can the organization realistically change or do in response to this project?

This information is critical to understanding some of the specifics of what organizations need to know. In the housecleaning example, we might learn that as a result of this project this business will determine which marketing vehicles to use and how much money to allocate. In this case, we would want to understand what newspapers and other periodicals these customers peruse when looking for house cleaners. This business might also want to know what was positive or negative about the recent ad it placed. For this project, we would want potential customers to look at the ad and tell us what the ad conveys to them and the major reasons they would or would not call in response to it.

When you go through this process and help people to re-frame their research questions, what begins as one type of project can evolve into a totally different one. Recently I worked with a large organization that provides educational materials to instructors all over the country. It had changed some of its materials, and wanted to have instructors review all of these changes and give them feedback. I reviewed the materials and could not see major differences from their earlier ones. I asked the clients what they ultimately wanted to accomplish; they explained that they believed the materials were improved and they wanted to make sure instructors would not reject them. Our project changed from a question about how instructors feel about all the different changes to one in which the strategic question was “How do we communicate the changes in our materials to the instructors?” The specific questions that we needed to answer were: 1) Do instructors notice the changes and, if they do, which ones do they notice? 2) How do they feel about these changes—are they perceived as improvements or not? 3) What do instructors want to know about these changes in order to feel positively about them? In other words, what justification do they need to understand these changes? Because we reframed the question, we ended up providing a great deal of value to this organization. We turned a somewhat trivial project into one where the information was used to create a communication strategy for the new course materials.

| Poor Question | Good Question |
|--|---|
| What is important to customers? | What specific needs does this product or service fulfill? |
| How is our product perceived compared to those of competitors? | How do customers perceive the features of our product compared to the features of our competitor's product? Is the major feature that differentiates our product from the competition valued by customers? Would this product replace usage of other similar products in the marketplace? |
| How do customers make decisions when purchasing this service? | What are the key criteria that people use when selecting this service? What 2–3 criteria are the most important? |
| What do customers think about this potential new product? | How likely would customers be to purchase this product as it is currently envisioned? |
| What do customers think about this new service? | What do customers specifically like and dislike about this service? What are the unmet needs this service would fulfill? |

Table 1: Examples of Good and Poor Research Questions

3

Choosing the Right Method

All research methods have positive and negative aspects to them, and there are many ways to conduct a study. There are numerous ways to answer a question, and different techniques each offer something positive and negative. Market researchers sometimes criticize one another for using specific techniques, pointing out the weaknesses of competitors' techniques while espousing the strengths of their own. I always find these conversations amusing because all of us in the industry know that game. Generally, with qualitative research, an excellent moderator who is using a research technique that she is comfortable using will end up providing useful information. In quantitative research, a well-worded survey that is thoughtful and covers the major issues will deliver tremendous value. In many cases the shortcomings of research tend to be the result of not taking a strategic-question approach to the problem and not understanding the issues that are important to the organization, which was just discussed in chapter 2.

In this chapter I talk about the major market-research techniques that are available and some of the tradeoffs of using each one. The objective of this discussion is to acquaint you with some excellent uses for each technique and some of the pitfalls of each approach. It is not meant to be an exhaustive summary of every potential methodology with all possible pros and cons. However, before considering each technique, one has to decide whether to conduct qualitative or quantitative research.