



A White Paper

A PROBLEM DEFINED IS A PROBLEM HALF SOLVED

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How ideas arise for market research

How do ideas for market research arise? First of all, someone has to know something about the capabilities of market research before they can think of it as a possible solution. Most people know something about market research in a general sense. They know it can be used to find out how many people do something or think something. But do they fully appreciate that it can be used to work out how much people are prepared to pay for each feature of a product? Do they know that you can work out the importance of issues that influence customer satisfaction without asking the customer how important each issue is? If you don't know what something can do, it is fully understandable that it may not come to mind.

Furthermore, there are very few processes in business that say "before we make that decision, we must carry out market research". The decision to do so is entirely judgmental. The manager faces a problem or has an idea and at some stage he or she may (or may not) think this is a candidate for market research.

Now it is significant that we have suggested that the person that has the idea for the research is a manager. After all, it is managers that make decisions and remember that market research is there to reduce business risk in decision making. This problem or idea usually gestates and develops before it is brought to the attention of the market research agency that is challenged with finding the information. On its way the idea may well have been bounced between people including an internal market research manager who helps scope the idea in a way that the agency can best deal with it. The point is this, it may well be weeks and sometimes months before the idea or problem is finally put before the agency and what was reasonably urgent then, is desperately urgent now. Time may determine the research solution simply because there isn't much of it and there is a limit to what can be done in the period. It isn't surprising therefore that the agencies at the end of the line are squeezed to work quickly.

Table 1.1 The Gestation Period For A Market Research Idea

What happens	Idea	Internal debate	External debate	Information collection
Who generates it	From a manager about an idea or problem	Between the manager and his managing director and between the manager and a market research manager	Manager or market research manager presents problem to agencies for their suggested solutions	Agency is selected and carries out the work
How long does it take	A few days and often a week or a month	A week and more often a few weeks	A week or two	Four to twelve weeks

The market research brief – a statement of the problem

A research brief is a statement from the sponsor setting out the objectives and background to the case in sufficient detail to enable the researcher to plan an appropriate study. As a general rule, a market research study is only as good as the brief. The brief is important to the researcher: it educates and influences the choice of method. It gives the objective to which the project is geared.

The brief is no less important for the researcher working in-house than for the agency. Research carried out by company personnel is frequently treated less stringently than when there is a price tag. The in-house researcher does, however, have the benefit of close and constant access to other internal staff who can fill in on background and product details. Though the brief is less formal, it may well be (and should be) as thorough as any delivered to an agency.

Some clients prefer to deliver their brief orally, developing points of detail during the initial discussion with the researcher. Alternatively the brief may be fully thought through and committed to paper. This can be especially important when a number of research agencies are invited to submit proposals. A written brief provides a standard which is the same for all contestants.

Whether written or oral, the research sponsor should pay regard to a number of subjects which constitute a good brief. It is at this stage that it would be useful to have a framework for scoping the issues. This framework can be thought of as a series of questions, the answers to which will constitute a very thorough brief.

1. Why do this market research? What action will be taken when the research is completed?

This is arguably the most important part of the brief as it will allow the researcher to work out all the other things that are required such as the specific information that will be useful (see item 5 below)

2. What has caused this problem or led to this opportunity?

Here it is helpful to describe the history that has led up to the research. A description of the product./service is important and so too it would be good to talk about the way that the market is changing

3. What is known about the area of research already?

It can be helpful to the market researcher to be aware of what is already known and then they can build on it and not waste money or time re-inventing it. Also, knowledge on the structure and behaviour of a market allows the researcher to be more precise in their proposals. For example, most sponsors of research have carried out some desk research or have internal reports that provide views of the market. This could be made available to the researchers who are planning a research programme if they need a deeper understanding of the market.

4. Target groups for the research?

Survey research has to be targeted at someone. The target for interviews need to be scoped precisely. If they are householders, should they be people who have bought a product or who are thinking of buying a product? Should they be buyers or specifiers? Should they be multiple purchasers or not? When the various target groups are listed there is a temptation to say – “yes, all of these” but remember that the greater the scope of the project the more it will cost and (usually) the longer it will take.

5. What specific information is needed from the research? (e.g. market size, trends, buying behaviour, customer needs, segmentation)

The person wanting the market research has almost certainly got some key information gaps that need filling. Listing them will help the professional market researchers work out if they are the right ones required for the decision and action that is planned. The professional market researchers can be expected to flesh out the information objectives with their own suggestions as they know better than anyone what can and can't be achieved by market research.

6. What is the proposed budget?

Seldom are there unlimited funds for research and more often there are very limited funds. In this case it is helpful to know what the budget is for otherwise the researchers could design a full and comprehensive plan that delivers detail and accuracy to meet the action and information requirements, only to be sent back to the drawing board because there is only \$15,000 (or whatever).

7. Are there any initial ideas for the research method?

A client who is sponsoring a research project may well have a method in mind. Now is also the time to say if there is distrust of telephone interviews and a preference for face to face or if focus groups would be well received.

8. Are there any reporting requirements?

Increasingly the default method of reporting in the market research industry is a PowerPoint deck of slides which doubles as the presentation and the report. Researchers have no problem writing a narrative report but they would typically have to charge an extra three or four days of their time for its preparation – incurring a cost of a few thousand pounds.

The client may be eager to have access to some of the nitty gritty of the research findings such as the tabulations and verbatim comments from open ended questions. It is wise to specify this at the brief for otherwise it may not be included in the research specification.

9. When are the findings required?

Most research has a demanding timetable and sometimes this can be punishing. The dates by which the research is required should be specified so that even if they are really difficult, the research supplier can try to be accommodating, perhaps with an interim debrief or regular reporting sessions.

The research brief should be a dialogue and even the most thorough brief covering all the issues we have listed will generate some additional questions from the researchers. This is healthy and to be expected as it indicates that the problem is being thought through and interest is being shown. Sometimes the written brief and a series of phone calls are sufficient for the agency to get on with their part of the process – the proposal – and sometimes there will be justification for a face to face meeting. Nearly, but not always, these briefing sessions are on the Client's turf where it is easier to show the product, look at brochures and reports and meet with other people who may be able to contribute to the debate.

The market research proposal – the return of brief (ROB)

Having received the brief the researcher, whether in-house or from an agency, must submit a written proposal to the sponsor which states an appreciation of the problem, the objectives, the research method and the timing. It is critical that the proposal is in writing as this is the offer of a contract which is likely to have a considerable financial value.

The nature of market research is such that it is seldom possible to pin every aspect of the contract down in detail. For a start the questionnaire has not yet been developed and this is a key to the survey. The number and type of questions in the questionnaire will have a material influence on the quality of the work. Flexibility is going to be needed on many aspects of the work and as the research progresses and information is uncovered, there may need to be some changes to the objectives. For the most part however the research methods will remain the same as this is the basis of the price. Armed with the brief, the researcher now knows what the client is looking for and must balance four factors in arriving at an appropriate design.

The Information – what is required?

The information required may not have been presented in the most orderly fashion in the brief. A research sponsor knows what action will be taken if the outcome is positive and will have a view on the type of information that will help in that decision. All this will be shared in the brief. The researcher must now offer some order to the decision outcomes, the research objectives and any specific questions that may be asked. Examples of these three levels are as follows:

Table 1.2 Outcomes, Objectives & Questions

Level 1	Outcome	Launch the product		
Level 2	Research objective	Product preferences	Trends in buying behaviour	Price elasticity
Level 3	Questions to be answered	Do they prefer the new product to the old one? Do they prefer the new product to the competitions? What would improve the preference for the product	Are people buying more of the product? How is the market likely to change in the next five years? What factors are driving the changes in the market?	How much will people buy at different prices? What is the optimum price for the product?

The researcher must work out what can reasonably be included in the project as an objective as well as what may have to be left out. As the researcher is thinking about the objectives, inevitably there will be consideration of the methods by which these will be achieved.

Consider the table above and think about what methods you would use for this range of outcomes, objectives and questions. Actually the researcher has a choice and could use a qualitative tool such as focus groups to get a reasonable fix on the answers. However, even with a number of focus groups it would still be a qualitative finding. You would have a good feel and understanding of all the answers to the questions but that is all it would be – a feel and understanding. If the research is being commissioned to make a decision on the launch of a new product, some quantification is required. Here the choices are two-fold; home placement tests or mall/hall tests (where the respondent is recruited from the shopping mall and brought to a nearby hall to experience the product). The arguments in favour of one approach rather than another or mixing different approaches will be made in the proposal under the “methods” section.

The accuracy – how accurate does it need to be?

When professional market researchers ask their clients how accurate any data should be, the answer is often such as "very accurate" or "as accurate as possible". However, accuracy, at least where fieldwork is involved, has a price and as general rule, increases in accuracy not only cost more but disproportionately more¹.

Nor is a high level of accuracy always needed to meet the overall research objective. If a company is entering a new market, where common sense and observation tells us the market is huge in size, there may be little point in spending lots of money closely measuring its size. An approximation will do and the money saved may be better spent on some other information need. For example, a company that considers sales of \$1 million per annum to be worthwhile might not care if the total market size was \$100 million or \$150 million (an accuracy of +/- 50%). If, however, in an advertising research study, the objective was to measure the impact of a campaign on brand awareness through comparing before and after campaign measures, the accuracy must be at least commensurate with the anticipated increase in awareness.

The required accuracy must, therefore, be linked to how the resulting data will be used - the nature of the decisions which the research will guide. Even if a precise definition of accuracy is not practically possible (this is often the case) some judgement should still be made on the reliability sought from the information. This may be as simple as a contrast between an attempt at measurement (quantitative research) compared to just description and explanation (qualitative research). Both approaches can contribute to effective marketing decisions but it is important that neither is used for the wrong application. Like information coverage, accuracy levels need to be considered before deciding on appropriate research methods.

The budget – how much have I got to play with?

What budget should be made available for the research project? The methodologically pure researcher would argue that the budget should be whatever is needed to meet the research objectives, provide the information required and to finance the methods needed to produce that information to the defined accuracy level. However, in practice, it is more a question of what funds are available or can be afforded for the project relative to other calls on business expenditure. Furthermore, even if cash is freely available, there are other considerations and especially the amount at risk in the decision which the research is to guide. If the decision entails capital expenditure of \$20 million, a research budget of \$50,000 may be well worth spending - if the research indicates that the planned expenditure is a poor investment, only the research cost will be lost rather than most or all of the \$20 million investment. (In writing this we are reminded of the many chemical plants that have been built around the world in anticipation of growth in demand that has never materialised. We suspect that many were commissioned without any solid market research studies). However, if the business investment decision has low cost implications, the justification for carrying out the research will be less. Obviously there is no point in spending \$10,000 on research to decide whether to invest in a project entailing only this level of expenditure.

The only qualification we would make to this bland statement is regarding research which contributes to a series of future decisions. We recently carried out a research project examining the effectiveness of a planned promotional campaign for an industrial gas manufacturer. The cost of the research was \$30,000 and the campaign itself was only \$200,000. However, the gas manufacturer runs many such campaigns across its divisions and the learning about what makes its advertising more effective sharpened all its campaigns and will do so for some years to come. The long time pay-back will be considerable.

¹ If a sample of 500 is statistically likely to be accurate to +/- 5%, what size of sample will be needed to increase the accuracy to +/- 2.5%? It is not 1000 but nearer 2000 and the costs involved possibly more than twice as high. Diminishing returns very much apply.

The timetable – when is it needed by?

A research plan needs a timetable. The two factors that determine the timetable are the deadline and how long the planned research activities will take to carry out. Resources determine the latter and experience of the intended methods will enable realistic estimates to be made of how long each stage will take. The deadline on the other hand is likely to be driven by external events and time-frames. The research results may be needed to fit the lead time in installing plant, or for a business plan. A demanding deadline of two or three weeks for a research project may effectively limit it to a quick (and dirty?) design as there just isn't enough time to do the job properly. Whether researchers should turn down such jobs is hardly worth debating since in this commercial world agencies will nearly always try to accommodate their clients' needs. To an extent it may be possible to speed up the research to fit such demands. Certainly good research can be carried out within a short timetable but beyond some point, quality will be compromised.

Most research agencies need around six weeks to carry out a project given the likelihood of the need for three or four sequential stages. Getting questionnaires designed is in theory only a day's work for a professional researcher. However, getting it approved and modified to the final version (often it is at version 5 before it is finally piloted) can take an age as it bounces around like a pin-ball between the different parties within the client company. The following timetable is probably realistic for a project involving four focus groups and 500 interviews with the general public.

Table 1.3 A Typical Market Research Timetable

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10
Commissioning meeting										
Focus group recruitment										
Focus groups										
Qualitative de-brief										
Questionnaire design										
Sample composition										
Fieldwork										
Analysis										
Presentation development										
Presentation										

What to expect in a proposal (return of brief)

The proposal is one of the most important documents a researcher ever writes. (Indeed it is one of the few documents that researchers write as reporting is nearly always in PowerPoint slides). The content, structure and quality of the proposal may account for well over 50% of the decision to place the business with an agency. Within the client company the proposal will do the rounds, winning or losing approval with its many readers without the accompaniment of the human voice of the author. It is the most important weapon the agency can use to win business.

The proposal is more than just a research design with a price; it is a statement of the agency that has prepared it. Whereas the brief may be confused, limited in scope or lacking in detail; the proposal must bring clarity, add to the understanding and make an authoritative claim for the recommended research method. A spelling or grammatical error could be sufficient to cause the client to see this as a reflection of sloppy working standards and disregard the content of the rest of the proposal.

The introduction

The proposal may run to 10 pages or so in length. It deserves a title page and table of contents. In a lengthy proposal, the first section could be a summary but more usually it is an introduction to the subject stating the background and circumstances that have led to the research project being considered. This

background contains the first words that will be read in the document and they need to resonate. It may contain some additional information to add to the story following a search on the internet or the odd interview (also demonstrating keenness of interest in the subject). As the reader gets to the end of the first section, the proposal has done a good deal of its selling job.

The objectives

Next is the section on objectives. This is another important chapter to the client as it is a statement of what will be obtained for the money. Typically the research would be given an overall goal such as:

To assess the market for weather forecasting services amongst electricity generating, transmission and distribution (retail) companies in the US.

A more detailed listing of the many research objectives would then follow. A flavour of these can be gleaned from two or three objectives taken out of a list of what amounted to around ten in the actual proposal.

1. To gain an understanding of how weather affects business operations of energy companies in the three target markets and their key weather information needs (i.e. the perceived importance of the weather to their business and business planning processes and the type of products/services they need).
2. To gain an understanding of the extent of weather information usage and the nature of that use (i.e. what they use it for, how and why). This would include; where they get their existing weather information from, how it is delivered, the problems they encounter, how much they spend, and if they do not use weather information, why not.
3. To assess the perceived future demand for weather information products and services in the target energy markets (including do respondents perceive they will use weather information more or less in the future?).

The methods

To the researcher, the methods section is probably the most important. If the researcher gets this wrong, the objectives will not be achieved. The client will clearly be interested in the methods but much will be taken on trust. If the researcher says that a particular method is appropriate, then it may go unquestioned.

In the section on methods the researcher may begin with a brief overview of the approach and the factors that have influenced the design. It is not unusual in a research programme to have an eclectic range of methods including some secondary research (desk research) to support the primary fieldwork. The fieldwork could have a qualitative phase and this could be a number of depth interviews or focus groups. If there is a quantitative stage it will be spelled out in detail arguing the reasons for choosing the telephone or face to face interviews, the size of the sample and any quotas for certain groups of respondents.

Timing and costs

By the time the research sponsor arrives at the section that lays out the timetable and the costs, the project will most probably be won or lost. Of course the price tag is important but research is not a commodity product. There are significant differences between research suppliers and clients recognise this. It is not a business where the cheapest product always wins.

Summary

The idea for carrying out market research may ferment for a number of weeks before a commitment is made to obtain proposals. In briefing an agency the client should try to give answers to a number of questions:

- What action will be taken when the research is completed?
- What has caused this problem or led to this opportunity?
- What is known about the area of research already?
- Target groups for the research?
- What specific information is needed from the research?
- What is the proposed budget?
- Are there any initial ideas for the research method?
- Are there any reporting requirements?
- When are the findings required?

The market research agency will prepare a proposal (the return of brief) after weighing up what information is required, the accuracy of information required, the budget, and the timing. With these four factors in mind, a written proposal is prepared that covers the following issues:

- An understanding of the problem
- The objectives in overall terms and in detail
- The method that will be employed to achieve the objectives
- The timetable
- The credentials of the researchers
- The fee

The quality of the market research proposal plays a large part in whether or not the agency wins the project.

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