

Chapter 2

Research Objectives

Introduction

In this chapter you will learn about:

- How market research can be used to help organisations grow by finding new markets for their products or new products for their markets.
- How to separate out the aims of market research from the research objectives and the research questions.
- How to define a problem that can be solved by market research.
- How to write a brief for a market research project.
- What to expect in a market research proposal and how to choose between alternative proposals.

Decisions that can be guided by market research

There are four directions a company could look to expand its business.

- It can seek more business from its existing customers by aiming to grow its market share with the products that it already in its portfolio. Customer satisfaction studies are commonly carried out to identify opportunities in this box.
- It can seek expansion by taking its traditional product range into new markets. For example it can seek expansion in

export markets where it hasn't previously had any sales. Market research can help here by providing information on the size of the opportunity, the competition, the best route to market and so on.

- It can seek to persuade existing customers that they should buy different products or services – a sort of product line extension. In this case, market research could explore the needs of customers for the products that are contemplated for the extended portfolio.
- It can explore the possibility of selling new products to a new range of customers. Since this is the most speculative of options, market research plays a vital role in showing the complete map of people's needs, how they are currently being satisfied or not, their likelihood of buying new products or services etc.

These four opportunities for business expansion are identified in Figure 2.1

Figure 2.1 A Strategic Framework For Market Research In Business Expansion

| | | |
|-------------------|--|--|
| New products | Market research can show the likelihood of adoption of new products | Market research can show un-met needs and provide an understanding of unfamiliar markets |
| Existing products | Market research can measure customer satisfaction to find out how to maintain a competitive edge | Market research can find new territories for products or services |
| | Existing markets | New markets |

“High level” business questions that can be answered by market research

Financial problem solving

- 1 How can we reverse a fall in sales (or achieve an increase in sales)?
 - How can we obtain more profit from the product/service?
 - How can we improve the satisfaction of our customers so that loyalty is improved?

Meeting opportunities

- How can we improve our offer to customers (the product/service, the delivery, the guarantees, the service support etc)?
- What is the optimum price we should charge?
- How can we segment the market so that we can better satisfy customers' needs?
- What is the best route to market?
- How can we persuade people to buy our products when they are being tempted in other directions?
- How can we increase our sales in other territories?
- Which new products or services could we offer to our customers?

Evaluation and diagnosis

- What is the cause of the fall off in sales and/or profitability?
- Why are people rejecting our product in favour of those from other companies?
- What are the triggers that would cause people to buy our products/services (or the barriers that are stopping them)?

Note: this framework was first promoted by Igor Ansoff as the “product-market matrix” in the Harvard Business Review in the Sept/Oct edition of 1957. It has become one of the most popular

matrices and is used to identify the basic alternatives strategies which are options for a firm wanting to grow

All businesses face marketing problems or opportunities. Think of some examples where you believe that companies should be using market research and probably are not. What are the main areas where you believe market research has an application? These problems could be located in a framework such as the Ansoff grid or they may address fairly high level questions of a type that are frequently asked in the board room. Examples of such questions are:

These “high level” questions are often the way that a market research need is expressed by senior management and it is the market researcher’s responsibility to convert these to research objectives that can be answered by a study.

In addition to these high level questions, there are many detailed questions that can be answered by market research and these are listed as follows:

Detailed questions that can be answered by market research

The market and its structure

- The market size (usually broken down by segments)
- The route to market (through the value chain)
- The companies that compete in the market (and their market shares)
- The numbers of consumers (again broken down by segment)

Consumer needs and satisfaction

- Factors that trigger the purchase of the product (or service)
- Factors that influence the choice of supplier
- The importance of specific issues on the selection of supplier (such as product quality, availability, price, brand etc)
- Consumers satisfaction with the product (or service)

Product information

- Products that are purchased

- Un-met needs (new product opportunities)
- Attitudes to new products (either in concept, as prototypes or in their finished form)
- Packaging of the product

Price information

- Prices of the products (list and net)
- Price sensitivity (elasticity) of the product
- Values attached to various aspects or components of the offer

Promotion information

- Sources through which consumers and potential consumers acquire their information on products and services
- Messages that trigger an interest in the products/services
- Attitudes to different adverts including new adverts
- Awareness of advertising
- Effectiveness of different forms of advertising
- Readership of different media

Distribution information

- Role of different levels in the value chain
- Price levels and margins in the value chain
- Factors that prompt merchants and distributors to stock products
- Marketing and merchandising within the value chain
- Availability and stocking levels in the value chain

Segmentation opportunities

- Demographics of the population in terms of age, gender, income group, location
- Behaviour of the population in terms of how they buy (eg frequency of purchase, place of purchase, size of purchase etc)

- Needs of the population in terms of what drives their selection of a supplier (eg often referred to as the drivers behind the decision such as convenience, bargain hunters, safety seekers etc).

Think about

Think about a problem in your organisation that could benefit from market research. Write down the broad aims of the research, the research objectives that must be achieved to meet the aim and some key questions that should be answered by the research.

Defining market research problems

Key point

Most research projects that go wrong do so because the fundamental problem that has led to the research has not been fully understood or defined.

Every research project should have a defined and explicit objective which clearly states *why* the research is being carried out. All other aspects of planning and carrying out the research flow from this objective; in other words if they do not contribute towards achieving this objective they almost certainly should not be undertaken. The objective should relate to the marketing decision which will have to be made or the problem that needs a solution (and decision).

Getting the client to spell out what their issue and identify the heart of the problem, is half the battle when running a research project. A problem defined is a problem half solved! Three questions that determine if the research needs to take place:

- What research exists already
- What research is needed?
- Can the research readily be undertaken?

The objectives of research can range from helping a company improve its satisfaction rating amongst customers, to finding new markets for its products through to helping with the launch of new products. Let's take an example of a company that is suffering with

stagnant sales. The objective of the research is to find out the cause of the stagnant sales and how to get them moving upwards.

Where the starting point for the research is a problem (or potential problem/opportunity) rather than a clear-cut decision to be made, an effective approach is to think of and list as many objectives as possible for the research. In other words develop alternate hypotheses. This may be done by the researcher but better still at a “brainstorming” of all the key staff involved. The researcher may make a specific contribution to this process based on the results of previous research in related areas. He or she may also usefully act as a facilitator at that meeting.

Possible reasons for the company’s stagnant sales could be:

1. The market is declining.
2. The prices of the company’s products are too high relative to the competition.
3. The benefits that the company is offering in terms of its products and services relative to the competition are too low.
4. The company is losing customers because of a failure in its products or services.
5. The people who are buying the company’s products are old and retiring. New buyers do not know of the company.
6. The company’s image is tired and old fashioned.
7. The company’s sales force is not active.

With only a little effort, the list of hypotheses generated is likely to be quite extensive and probably more than can be sensibly covered in any one research project. This would mean that some selection will have to be made of the hypotheses which are to be covered in the research project. This is likely to be based on a judgement of which is the more likely explanation of the problem; evidence that is already available – including from previous research as well as from more informal sources – may enable some hypotheses to be confidently discounted. For example, in the above listing, if there haven’t been any complaints, it could reasonably be assumed that hypothesis number 4 is not valid. However, the sales force could be constantly reporting that the prices are too high against the benefits that are being offered. This could point to the hypotheses which do seem worth researching and will be the basis of a valid research objective.

To write out clear objectives you need information about the background of a problem. You might find this in internal records like sales reports, complaint statistics and customer service feedback forms. Usually though, you must get this by talking to the client and asking lots of questions. What really lies at the root of the problem which the client is describing? In many cases, the client may not have identified the root of the problem correctly. The researcher therefore needs to get as much background information as possible about the client's organisation and their market. *What is the background to the market, or to the issue?* and *What factors led to the current problem?*

A useful framework for identifying the links between a problem and a research objective is shown in Figure 2.2. Write down a high level question that you think your company or organisation would like to answer. Then think through all the factors that could be causing this question to arise for your company or organisation. Finally, think through all the information that you need to fully understand the problem and the level of knowledge that your company holds on the subject.

Figure 2.2 Worksheet for identifying links between a problem and research objective

| | | | |
|--|----------------------------|-------------------------------------|--------------------------|
| The question that has to be answered (eg how to increase sales?): | | | |
| _____ | | | |
| _____ | | | |
| _____ | | | |
| Causes of the problem (eg developing the customer base; finding an improved offer to customers; price competition) | | | |
| _____ | | | |
| _____ | | | |
| _____ | | | |
| _____ | | | |
| Information that is needed | Present level of knowledge | | |
| | High | Medium | Low |
| (eg drivers of the purchase decision) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| _____ | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| _____ | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| _____ | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Think about

In your market, what do you think drives people to use your company/organisation? Is it the quality of your products or services, your prices, the ease with which you do business with them, your delivery etc? Make a list of all the possible factors. Now assign a weight to these factors to indicate how important they are to the customer. Do so by spending points out of 100 across the different factors – you can spend the points how you like but you must spend all 100. What would be the implications to your company if you are wrong in this assessment? How easy or difficult would it be to ask customers why they choose (or don't choose) your company and to get an honest and useful answer?

Defining a research objective

To meet the defined objective, a range of information will be required and will in turn be an input into the decisions which will be eventually made. For a given objective the information list, with only a little thought, will soon be quite long; possibly too long. For example, in the case of the company with the stagnant sales, the information objectives could be as follows:

Establish the reasons for stagnant sales and suggest means by which sales can be increased.

- The demographics of who is buying the product at the present compared to the demographics of people buying competitors' products
- Satisfaction of customers and potential customers with the products they are buying
- Attitudes of customers and potential customers towards the value for money of the products from different suppliers
- Features about the product that customers would like to see improved
- The awareness amongst potential customers of product
- Factors that would prompt potential customers to buy from the company.

This list is by no means exhaustive and other information headings may also be considered important. There is no such thing as an absolutely right or wrong coverage although the effectiveness of the research will be shaped by what is included or left out. Often the problem is not so much that headings are left out but that the coverage is too broad in relation to the research resources that are available (in particular the budget and the timetable). The initial “wish list” of headings may, therefore, need pruning or separating into what is absolutely vital to know and what is of lesser importance.

Key point

Pinpoint the objective of the research and exactly what information is required at the outset.

Taking time and effort in defining the coverage of the research is essential if the results are to truly assist the decision making process. In addition, however, a well defined research coverage is of practical value in latter stages of the project and particularly at the questionnaire design stage. With the coverage defined and listed much of the work involved in developing a questionnaire is already done.

The brief, the proposal and their importance to the project

Not all companies can afford the services of market research agencies. Indeed, there are many occasions when market intelligence is required but the business decision does not justify a large and extensive research project. In these cases some desk research could be carried out or a small number of exploratory interviews may suffice (see Chapter 4). It does not matter if the research project is a DIY job or project that is to be outsourced, it is good practise to prepare a market research brief.

The brief is the statement that sets out the background to the research and what objectives it is hoped will be met. It is helpful to write down (perhaps on one or two sides of paper) answers to the following:

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 set of presentation 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.

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 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. Someone who is unsure about methods or budgets for a research project may wish to talk to a market research agency before they write the brief to find out what is possible and how much it might cost.

A sample brief from a manufacturer of commercial vehicles is shown in Figure 2.3.

Figure 2.3 Request For Proposal – Researching Attitudes To The Vigour Range Of Commercial Vehicles

Background Information

Truck Master offers a comprehensive range of commercial vehicles. From 7.5 to 44 tonnes, there is a variety of standard chassis to suit every UK road transport application.

Launched in 2003, the Truck Master Vigour series was the most technologically advanced, comprehensive and fully integrated range of trucks ever built.

The Vigour range was developed with one aim in mind – to produce a truck with total capabilities in terms of operating costs, comfort, safety, performance and environmental compatibility that are superior to anything its competitors can offer – now or in the immediate future.

The Vigour product range currently stands at 65 models.

Objectives

The overall goal of the study is to measure the Vigour ownership experience.

Specific objectives include providing detailed information on:

The product experience – Fuel consumption
Reliability
Technological features
Driver comfort

The after-sales experience - Servicing
Parts availability
Road-side assistance

The overall relationship with dealer

Project Design

Agencies should provide proposals based upon two options:

Option 1 – 100 CATI telephone interviews (20-minute maximum length) with a sample of operators. 2 sub-segments of 2003, 2004 registration Vigour trucks. Questionnaire to include a selection of open-ended questions.

Option 2 – Telephone interviewing based on 2 larger sub-segments of 50 operators.

Initial tele-depth interviews may also be considered to aid the development of the main CATI questionnaire. Agencies should list these tele-depths as a separate investment.

Deliverables

Summary report and verbatim comments from tele-depths (if depths are commissioned as part of this study).

Structured questionnaire to include both pre-coded and open-ended questions.

Telephone interviews with operators from sample provided (approx. 500 names).

Prepare and produce tabulations.

Verbatim output from open-ended questions.

Prepare report of the key findings.

Presentation of results at Truck Master Headquarters (please quote as a separate option).

Project Timetable

| | |
|----------------------------------|--------------|
| Request for proposal distributed | 8th May |
| Proposals due at TM UK | 19th May |
| Agency selected | 22nd May |
| Briefing meeting | w/c 22nd May |

Company/Agency Interaction

This brief has been sent to three agencies.

Sponsors of this will be available throughout May for any queries that may arise.

The proposal

The proposal is the document, prepared by whoever will carry out the research. It is, as the name suggests, a proposal for carrying out a project and becomes the basis of the contractual obligation between the sponsor and the research agency.

There are usually six main sections to a proposal.

The introduction

The first section states the background and circumstances that have led to the research project being considered. The researchers may carry out some secondary research to “add value” to the brief and to provide additional context and understanding to the subject.

The objectives

The next section of the proposal describes the objectives of the project both in summary and in detail. Figure 2.4 presents an example of objectives prepared for a company that wants market research to show shoppers' attitudes to a retail park.

Figure 2.4 Objectives For The Mount Pleasant Retail Park Study

The main reasons for carrying out the research on the Mount Pleasant Retail Park are as follows:

- To get a better understanding of who the customers are and where they are coming from.
- To find out why they come, and what they think of the retail sites they have visited.
- To find out how the retail park can be better adapted to customers' and potential customers' needs.

Using this information our Client can:

- Rectify weaknesses and build on strengths (eg in promotional campaigns)
- Strengthen the loyalty of existing customers
- Pull in new customers or those that are occasional visitors
- Use the information to pull in new clients to the vacant shops
- Justify to existing clients that they have a good deal with the shops they have leased

Answers to the following questions will be obtained:

- Who is in the shopping party?
- Who made the decision to visit the retail park today?
- What was the principal purpose of the visit?
- Where have you come from? How far have you travelled in distance and time?
- How did you learn about the retail park in the first instance?
- How did you get here – which mode of transport did you use?

- How many times have you visited in the last three months – that is since the beginning of February?
 - Which outlets/shops did you visit today?
 - How long have you spent here?
 - What would have made you stay longer?
 - How much did you spend (a) on food or drink and (b) on things to take away with you?
 - What did you particularly like about the park?
 - What did you dislike about it?
 - Where would you have gone today to shop if you had not come here?
 - When do think you will visit again?
 - How likely are you to recommend the retail park to a friend or relation?
-

The methods

This section describes the methods that will be used and offers reassurance that the design is the most appropriate for the research problem. The choice of methods will usually be a compromise between the accuracy that is required and the budget that is available. The section needs to describe the methods in terms of:

- will the method be qualitative, quantitative or both?
- will data be collected by telephone, face to face interview or self completion questionnaires?
- what will be the structure and the accuracy of the sample?

It also needs to justify the choice of the recommended method.

Time schedule

The proposal will state a timetable for the research, usually outlining the important milestones.

Costs

The proposal will provide a quotation of the cost of the research and may offer options for different sizes of samples or different numbers

of focus groups. Sometimes incentives are offered to respondents and this is separated out in the costing.

It is quite normal for a research agency to ask for terms of payment that include invoicing 50% on commission with the balance on completion. This helps the cash flow of agencies that incur large fieldwork costs over the two to three months period of the project.

Credentials

Finally, a proposal will state the experience of the researchers carrying out the work. Usually short biographies are provided of the research team that will be responsible for the project.

Selecting the preferred agency

It is quite normal for three agencies to be asked to quote for a project. The person or team that is commissioning the research will need some criteria for choosing an agency to carry out the work. One of the bids may be so outstanding (or two of them may be so poor) that there is only one contender. Usually, however, it is hard to choose and the sponsor has to make a tough evaluation of the proposals. An example of an evaluation sheet is shown below. A refinement of the evaluation tool is to apply a weight with a score that indicates the importance of each criterion. These weights can, of course, be modified according to the needs of the research sponsoring company.

Figure 2.5 Checklist For Evaluating Market Research Proposals

A score of 5 is excellent and 1 is very poor.

| Criteria | Importance | Agency 1 | Agency 2 | Agency 3 |
|---|------------|----------|----------|----------|
| Interest and enthusiasm shown for the project | 10 | | | |
| Understanding of the problem shown by the agency | 15 | | | |
| Experience and reputation of the agency in the field of study | 20 | | | |
| Thoroughness and quality of the proposal | 15 | | | |
| Robustness of the proposed method | 25 | | | |
| Value for money | 15 | | | |
| Total Score | 100 | | | |

Think about

What would you look for from a market research supplier? Make a list of the criteria that you think would be important and spend points to indicate the importance of these criteria to you.

Key point

Most decisions in business do not need market research.

Market research should be used for important decisions and where the way forward isn't clear.

10 things to think about when considering a market research project

1. Ask yourself why the market research is needed – what will you do with it when you have got it? If the answer to this is at all unclear, re-consider your belief that you need market research.
2. Ask around to find out if your company already has any reports/studies in this area already. In some areas, data which is a few years old is still valid. Certainly, the background of knowledge from earlier studies can be very useful as guides to the size and structure of the market.
3. Find out from a library if there are any published studies in this field which can be purchased off the shelf. There are directories (eg MARKETSEARCH) which list published studies.
4. If you know anyone who has commissioned market research (of this type) before, ask them for their advice. There is no substitute for experience and there may be someone close by who has 'been there' before.
5. Prepare a written brief – one page will do – stating the background to the problem/opportunity, the action which will be taken, the key goals you want the research to achieve and any critical questions you would like answering. If you have a timetable limitation or budget, it would be helpful to state this in the brief for otherwise the agency may pitch way off mark. Also, if you have any specific expectations such as certain deliverables, state what they are in the brief so the agency can respond.

6. If you think that the research requires external help from an agency, talk on the phone to a couple of agencies to discuss the implications and cost of the project. If necessary, refine the brief and send it to a small number of agencies (three is reasonable). Expect follow up from the agencies and be concerned if you don't get it. They may want to meet face to face if it is a large and complicated project, otherwise, phone contact is normal.
7. Allow at least one week and up to two weeks for the agency to come back with its proposals (sometimes called 'return of brief'). This will state the agencies understanding of the background to the research (they should add to your brief and not just regurgitate it), the research aims and objectives, the methods (this is the crucial bit and you should expect some detail here – who will be interviewed, how and in what numbers), the timing and cost. Also, it is normal for the proposal to give a profile of the team which will be leading the study and their experience in this type of work.
8. Choose your agency on the basis of who you think can best carry out the work. Their ability to collect sound information is just as important as whether or not they have worked in your market before. The quality of the interviewing team is crucial. Cost is also an issue and this can vary considerably depending on methods chosen, contingencies which are built in, their hunger for work etc.
9. Be prepared to personally explain to those agencies that haven't got the job why the business has gone elsewhere. Try to give them a suitable and not insulting explanation – you may want to work with them in the future. (The fact that there can only be one winner is a good reason for not asking too many agencies to quote – you are sure to leave some bad taste behind as the agencies will have put in at least two days unpaid work in preparing their proposals).
10. Hold a commissioning meeting with the winning agency and, at this early stage, arrange milestones and reporting sessions. It will drive the study and ensure that it comes in on time. Make sure you speak to the agency frequently throughout the study. Quiet clients get pushed to the back of the queue.

SCARY STORY

A company e-mailed a brief to a large number of market research agencies clipped from ESOMAR's site. The company was interested in selling plastic gnomes to garden centres. The brief was structured and clear as to its requirements. It wanted to know how many garden centres sold gnomes, what prices they charged, where they bought them from and a host of other questions. It was very specific about the method that should be used and asked for a quotation for carrying out 1,000 interviews with garden centres throughout the UK.

The brief laid out the required timetable which was for the research to be commissioned on the 16th November with data available on the 13th January.

In the event, no proposals were received by the company. Agencies were put off by three things:

- It had been mailed to dozens of agencies. This implied a disregard for the considerable collective time of all the agencies that would be required to prepare thorough proposals when only one had the chance of being awarded the job.
- There are only 3,000 garden centres in the UK and a considerable number of these belong to one group. The suggested method would not have been feasible and in any case was seriously excessive.
- Although it may have appeared that the research agencies were being allowed two months to carry out the project, it was at one of the worst times of the year for market research. A busy Christmas puts garden centres under pressure, while agencies themselves are frantically completing projects before the break. It would have been a very difficult task to complete the job in the timetable specified.

The moral of the story is to sound out a small number of agencies before sending them the brief. The agencies will gladly share their views on what is possible and you will be guaranteed of receiving a proposal. Proposals from three agencies will be enough if you have "qualified" and spoken to them in advance.