

Show them and tell them

How to transform market research from vulnerable to valuable

Marketing research (MR) departments have been especially hard hit in this recession. Even as we begin to see some signs of recovery, we are finding that our ranks and coffers are refilled more slowly than other departments. Unfortunately – and it really pains us to say this after our decades as researchers – our vulnerability may be our own fault.

A 2007 survey by the Metrus Group and the American Society for Quality (ASQ) found that when internal customers rated 13 of their various support functions on performance (such as quality, HR, legal, IT, finance and marketing), marketing was second from the bottom. Fewer than 40 percent of respondents said they were satisfied with marketing, compared to nearly 70 percent for the top-rated group (quality). Not only that, but since the survey was first done in 1993, marketing showed the smallest improvement (only 5 percentage points compared to about 25 percent for communications/PR and customer service).

Although the Metrus/ASQ study did not distinguish between marketing and MR, we have been studying the performance of MR functions for years (we have completed over 100 in-depth interviews with top researchers and their clients) and have found a similar situation. Only 30 percent of our internal clients give MR top (A to A-) ratings, and 10 percent flatly say we “fail.” And yet we researchers think we are doing well – with nearly 70 percent of us rating ourselves B to A.

How is it possible for people who do research to be so out of touch with our clients? Surprisingly, very few of us actually survey our own clients about the experience of working with MR. We rely on the absence of obvious complaints or the quantity of our workload to tell ourselves that we must be doing okay – which is certainly not something we would ever recommend to our clients as a best practice.

No wonder marketing researchers have been so vulnerable during this recession! No wonder so many MR departments have laid off staff and cut budgets.

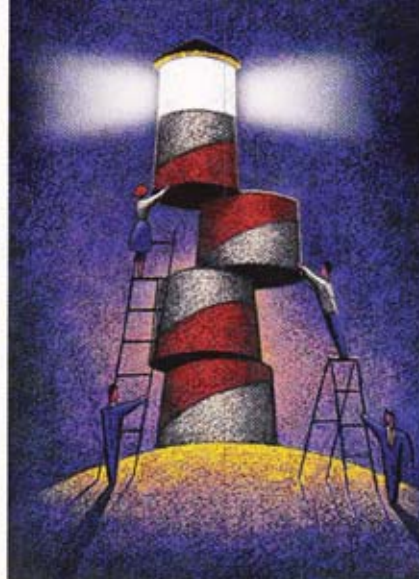
snapshot

The authors draw from in-depth interviews with top researchers to provide concrete steps that MR departments can take to raise their internal profile.

How we can improve

So what can market researchers do to take our groups from vulnerable to invaluable? Here’s what our studies show about what we are doing well and how we can improve.

First, we find that most clients think their research groups are doing the basics well. By that we mean that clients believe researchers are using the right methodologies, asking the questions in the right ways, surveying



By Diane Schmalensee
and Dawn Lesh

Editor's note: Diane Schmalensee is president of Boston research company Schmalensee Partners. She can be reached at 617-247-0045 or at diane@schmalensee.com. Dawn Lesh is president of A. Dawn Lesh International, a New York research firm. She can be reached at 212-673-0529 or at dawnlesh@aol.com. To view this article online, enter article ID 20100103 at quirks.com/articles.

the right people and analyzing the data in the right way. Doing the basics well might be called a "satisfier," something that we have to do to avoid getting very low ratings but not sufficient to earn us top ratings. For example, in the rare cases where clients question the quality of our work, they tend to hire outside consultants, make decisions without our input or simply fire the head of MR and start again. But simply doing the basics well is not enough to earn MR groups top ratings.

This leads to our second finding: There are two things that we researchers have to do a lot better if we want to become valuable to our clients:

First, manage internal relationships. We are not seen as partners to our clients today. We are not perceived as working with our clients to help them succeed and achieve their business goals.

Second, quantify and promote the value of MR. We do not market or prove the value of our work.

Let's look at each of these in turn to see what our clients want from us and how some highly-rated MR departments have accomplished the above.

Know how clients define MR success

Many successful MR groups begin

by knowing what their clients want and how to make the clients appear successful to others in the firm. For instance, although not all clients want to develop relationships with researchers (a very few clients say they just want "order takers"), most clients want us to act like consultants to them when it comes to things like: giving an early heads-up if the data are unexpected or negative, working side-by-side with the clients in developing recommendations that will actually be put into action or helping the clients navigate internal minefields if the recommendations call for a change in the status quo. For example, one MR head told us he spends about one-third of his time talking to clients about their needs. He has some formal meetings where he asks about what keeps them up at night and how their needs will change over time and he uses informal meetings and lunches to learn what they think will help them advance in the firm.

Know our industry as well as our clients do

While many researchers actively study the newest research methods and trends, fewer of us actively study the respective industries in which we work. For instance, how many of us who work in financial services attend industry conferences, read financial

services journals or even study the annual reports of our competitor financial firms? We are the keepers of so much primary and secondary data that we often think we know all we need to know. But, unless we are as familiar with our industry - why some firms are growing or just entering our market, what new economic or regulatory threats our industry faces, or what new technologies will mean for our industry - our clients cannot take us as seriously as we would like. One researcher told us how powerfully she moved ahead when she began to attend industry conferences. She got to travel with her internal clients (a great chance to build personal relationships) and build credibility for her research recommendations by tying them to industry as well as survey data.

Align our MR goals with company goals

It sounds so obvious, but a surprising number of MR groups told us that their goals are actually in conflict with company or other department goals. For instance, the MR group in one automobile company was judged on the accuracy of its predictions of customer demand for new models while the R&D and engineering groups were judged on the number of new models they introduced, regardless of their sales. No wonder R&D and engineering found MR's input annoying. Those of us who are lucky work in organizations where the strategy and goals are clear. The rest have to study company culture to learn how to align MR goals.

Prove and communicate

So how can we quantify and promote the value of MR? We must prove and communicate the impact of our contributions.

Spend wisely, considering the value of the research and its return

Financial people usually discuss the ROI of any major budget item, and successful MR groups often do the same. They set budgets for new research work based on the anticipated financial value to the firm. For example, a project for a minor product usually has a lower ROI than a

FOCUS GROUPS/ CLEVELAND SURVEY CENTER

Established in 1962

**Three Large Suites Multi-Purpose Room
Multiple T1 Lines in all Suites
Litigation Research, Medical, Consumer,
Product Placement, Taste Tests,
Pre-Recruits, Videoconferencing, On-Site
Excellent Recruiting - Project Management
We are the only centrally located facility serving all
parts of greater Cleveland/Akron & vicinity**

Call: 800-950-9010 or 216-901-8075

Fax: 216-901-8085 or 216-642-8876

Web: www.focusgroupsofcleveland.com

project for the firm's major product. Or, a project that deals with a topic that is strategically vital to the firm (or the firm's CEO) usually has a higher ROI than one that deals with a less important subject. Not only can ROI be assessed before the work begins to determine how much to spend on a project (or even whether to drop a project entirely), it can be used after the project is done to define the actual dollars and cents the MR group's work contributed to the firm. We have seen some MR heads calculate their department's annual financial contributions to the firm compared to MR costs to demonstrate the payoff of conducting research.

Market MR

Marketers are always looking for ways to promote their products or services, and we researchers can do the same for our departments. While we may do dozens of projects each year, our clients may be aware only of what we do directly for them. They likely could benefit from the work we do for someone else, but not if we don't market the work (on our intranet, via electronic newsletters or even in annual reports and presentations to top management). One head of MR created a quarterly "marketing landscape" report that incorporated industry data with MR information and highlights of recent work. This became so popular that it had to be updated monthly, and different levels of access were provided depending on the viewers' rank or role in the firm.

Most needed

Each MR group is starting from a different place and needs to assess what is most needed in its unique situation. However, when MR heads ask us for advice on how to make their departments more valuable, here's what we usually say.

- Do you know what your clients think of you and how well you are meeting their needs? Do you know how they define their own success? Do you know the threats and opportunities facing your industry? If not, start with this. Hold personal meetings with top managers and survey other clients to find out

where you are weak and strong and to guide your next steps. If you can make your clients or firms successful then you will share in that success.

- Do you know the value of what your MR group has produced for the organization? Can you begin by simply listing all the work completed in the last year, what it revealed and how this information was or was not used to increase company profits? Do you make it a priority to communicate proactively with your clients about what MR


has learned and its significance to your firm? If you know the answers to these questions, then you can summarize and market your contributions effectively.


Grow and thrive

Taking MR from vulnerable to invaluable is possible but requires work. It is up to us researchers to make our clients successful and to prove the value of our contributions if we want to ensure that our departments grow and thrive. | Q

survey and panel management solutions for web and wireless

the most advanced and intuitive survey programming and panel management solution on the market

 **kinesis survey**
rapid survey programming and support for the most advanced survey logic

 **kinesis panel**
powerful queries, distributions, and invitation management with scalability for large communities

 **community portal**
highly flexible and interactive community website that comes bundled with Kinesis Panel™

512.590.8300
sales@kinesisurvey.com
www.kinesisurvey.com

