Designing and Managing Marketing Research Projects

Linda Gorchels, UW-Madison
Your Learning Outcomes

By the end of this session you should be able to:

• Evaluate research suppliers and proposals
• Apply and manage the marketing research process more efficiently and effectively
• Avoid common pitfalls in research design
Let’s start with a few questions

Do you really need a research project to answer this question?
If so, what *type* of research should be done?
Do you have the skills to do it, or should it be contracted out?
If you contract out, what should you look for in a supplier?
Decision #1: Do the research?

• What is the risk of a “wrong” decision?
• Does the benefit exceed the cost?
• Is the decision already made?
• Can the “right” data be compiled within the desired time frame?
Why conduct marketing research?

To gain customer insights, as well as marketplace facts and acumen, that aid in business design, product development, and marketing success factors.

The ROI of marketing research is based on the value of the improvement in decision making.
The true value of research is not in what it allows us to know, but in what it allows us to do.
Start with secondary data

• It helps “shape” research
  • Better problem definition
  • Potential methodology design
  • Comparative data

• But you must “vet” the source
  • Adequacy of “fit”
  • Purpose of original research
  • General evidence of quality

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Decision #2: Design parameters

- Time frame
- Data requirements
  - qualitative vs. quantitative
  - sample size
  - methodology
- Training & control
- Response rate requirements
## Qualitative, quantitative or experimental?

<table>
<thead>
<tr>
<th></th>
<th>Qualitative</th>
<th>Quantitative</th>
<th>Experimental</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pro</strong></td>
<td>In-depth data</td>
<td>Projectable</td>
<td>Finds relationships</td>
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<td></td>
<td>Can be faster</td>
<td>Can obtain facts and attitudes</td>
<td>Studies <em>actual</em> rather than <em>anticipated</em> acts</td>
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<td></td>
<td>Obtains attitudes</td>
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<tr>
<td><strong>Con</strong></td>
<td>Not projectable</td>
<td>Less explanatory</td>
<td>Can be artificial</td>
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<td></td>
<td>Analysis subjective</td>
<td>Non-response bias</td>
<td>Primarily studies actions, behavior</td>
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<tr>
<td></td>
<td>Needs small samples</td>
<td>Rigid procedure</td>
<td>Rigid</td>
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<td><strong>Example techniques</strong></td>
<td>Focus groups</td>
<td>Surveys</td>
<td>Test marketing</td>
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<td></td>
<td>Depth interviews</td>
<td>Observation studies</td>
<td>“Split testing”</td>
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<td></td>
<td>Ethnography</td>
<td>(structured)</td>
<td>Database models</td>
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<tr>
<td></td>
<td>Customer visits</td>
<td>Panels</td>
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<tr>
<td><strong>Applications</strong></td>
<td>Concept testing</td>
<td>Quantification of market / forecast</td>
<td>New product strategy</td>
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<td></td>
<td>Product idea generation</td>
<td>Descriptive studies</td>
<td>Website design</td>
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<td>Price changes</td>
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Market research variations

- **Formal**
  - Website and online surveys
  - One-time
  - Internal
  - Qualitative
  - Syndicated
  - Exploratory

- **Informal**
  - CSR queries
  - Continuous
  - External
  - Quantitative
  - Custom
  - Causal

- **One-time**
- **Continuous**

- **Internal**
- **External**

- **Qualitative**
- **Quantitative**

- **Syndicated**
- **Custom**

- **Observations**
- **Audits**

- **Call reports**
- **Sales records**

- **Secondary research**

- **Key questions**

- **Tracking studies**
- **CSR queries**
- **Industry statistics**
- **Case study**
- **Experiments**
Decision #3: Can (and should) YOU do it?

- Do you have the internal expertise and resources?
- Can resources be leveraged by using external parties?
- What research and analysis can be done internally and which parts could be done externally?
Your internal / external roles vary with each step

Define problem

Schedule process

Design project

Plan field procedures

Devise questionnaire

Collect/edit data

Process data

Examine findings

Make decision(s)

External

- Select supplier
- Negotiate procedures

- Monitor time line
- Approve process

- Monitor plan

- Approve questionnaire

- Monitor activities
- Approve editing

- Suggest results format

- Review findings
- Evaluate supplier

- Clarify marketing decision
- Choose internal or external

- Develop time line
- Establish control chart

- Identify process
- Determine sampling

- Train interviewers
- Increase response rate

- Develop questions
- Format questionnaire

- Collect data
- Code and edit

- Run frequencies
- Analyze data

- Prepare report & recommendations

- Initiate action plan

Internal

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Roles of internal marketing research

• Strategic
  – assess market information needs continuously
  – interpret marketplace signals
  – assist strategic planning efforts
  – collect information for strategic planning
  – recommend research projects

• Tactical

• Operational
Roles of internal marketing research

• Strategic

• Tactical
  – conduct projects to help with plan implementation
  – prepare cost/benefit analyses for proposals
  – meet with internal clients to discuss needs
  – conduct customer satisfaction studies (benchmark surveys, updates)
  – participate on product development teams

• Operational
Roles of internal marketing research

• Strategic
• Tactical
• Operational
  – prepare / revise database specs
  – store and retrieve data as needed
  – conduct secondary research as needed
  – provide intelligence reports
  – maintain a time log for budget purposes
  – input customer satisfaction data (complaints, etc.)
How do you gather strategic information about the industry and the competitive arena? About technology trends and changes? About markets and customers? About any and all factors that could impact your competitive advantage?

How do you gather tactical information about competitors’ actions and products? Have you built in ongoing intelligence gathering processes?

What improvements can you make to your strategic, tactical and operational marketing research efforts?
Decision #4: Which supplier?

- Detail needed expertise (technical competence, industry knowledge, facilities, etc.)
- Cull a short list of apt firms
- Interview the company and project manager
- Ask about projects that may infringe on confidentiality.
- Solicit proposals from 2-3 firms to compare capabilities.
- Check references & job quality
The proposal process

• Issue a written request for proposal (RFP) that specifies: (1) topic, (2) specific information needed, (3) possible research methods, (4) how results are to be reported, (5) deadlines, (6) business matters such as payment terms, confidentiality, rights to raw data, and rights to audit the suppliers’ records.

• Issue an RFP that specifies a budget for the project rather than the preferred methods.

• Verbally provide RFP-type information to potential suppliers.

Source: Marcia Kasieta
Proposal components

- Statement of marketing problem
  - *(shared insight of information needs)*
- Objectives and limits of project
  - *(what will and will not be investigated)*
- Research approach
  - *(research method, sample design, hypotheses, quality control)*
- Estimates of time and personnel requirements
  - *(time schedules, job assignments)*
- Cost estimates
  - *(fees, direct expenses, contingencies)*
- Optional appendices
  - *(credentials, “dummy tables”)*
The research proposal should demonstrate that the prospective supplier understands the decision to be made.
Be cautious if the supplier ...

1. Disparages competing researchers
2. Indicates a willingness to violate professional ethics
3. Makes extravagant promises or provides vague research descriptions
4. Does not listen
Evaluate quality control

• Subcontracting
• Training & supervision
• Validation of interviews
• Sampling control procedures
• Verification of data entry & editing
Scope the research project
• Always start with a clear understanding of the business or marketing decision you will be making on the basis of the marketing research.

• Provide a clear scoping of the marketing research project.
Marketing research process

- Design
- Collect
- Decide
- Analyze

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Design the project

- Minimize total error
- Re-clarify the decision-making context
- Envision the end results
- Select and map out the project plan

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Identify and reduce total errors
See the problem from all sides

• No one research approach has the “right” answer
• Comparing input from different angles increases your likelihood of “good” data

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Marketing issue: “Should we increase price? If so, how?”

Research questions:
- Have customers been price sensitive in the past?
- Does it vary by segment?
- What is the likely competitive response based on past history?
- Can perceived value be affected by feature changes?
- How strong is customer loyalty?

Research approaches:
- Examine sales records to estimate price sensitivity to past changes.
- Compare profiles of customers most and least price sensitive.
- Study call reports to determine patterns of competitive response.
- Study won/lost reports.
- Visit customers to study product applications and potential improvements.
- Survey customers to determine importance and value of specific features and cross-tabulate by segment.
- Analyze customer records to assess length of patronage.
- Ask selected customers about image.

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Product research paths vary

**Product type**
- Repositioned product
- Derivative product
- Addition to product line
- Platform product
- New-to-the-company product
- New-to-the-world product

**Newness**

**Familiarity**
- Existing customers
- Similar customers
- Tangential markets
- Unfamiliar markets

**Relationship to market**

- Traditional surveys and voice of customer techniques
- Non-customer ethnography, analogous industry research, expanded qualitative research
- Customer visits, ethnography, lead user input, open innovation, solution focus
- Trend projections, lead user input, market intuition

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What are the benefits and drawbacks of Ethnography?

Gerry Katz
Executive Vice President
Applied Marketing Science, Inc.
Visualize final report

• Envision the results of the research in a format appropriate for decision making

• “Draw” the tables or visuals you would like to see in the final report
Collect the data

- Prepare field procedures
- Develop questionnaire
- Run pilot study
- Collect data
  - code & edit
Define, select sample

• Carefully describe population
  – *(demographic, geographic, time constraints)*

• Identify sampling frame
  – *(listing of population elements)*

• Select sampling procedure
  – *(probability or nonprobability)*

• Determine sample size
  – *(fixed or sequential)*
Types of samples

• Probability sample
  – simple random sample
  – stratified random sample
  – cluster (area) sample

• Nonprobability sample
  – convenience sample
  – judgment sample
  – quota sample
Field worker instructions

- What the survey is about (without biasing)
- When the survey is to start and end
- How to select respondents
- How to initiate interviews
- How each question should be asked and in what order
- Methods of probing, encouraging responses, and aiding memory
- How each questionnaire is to be examined
- What to do with the completed questionnaires
- When and how the interviewer will be paid

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Questionnaire design

- Information required  
  - (qualitative or quantitative)
- Question content  
  - (necessary, sufficient & appropriate)
- Response format  
  - (relevant structuring, positioning & categories)
- Question wording  
  - (clear and unambiguous)
- Question sequence  
  - (anchoring & skip patterns)
- Physical characteristics
How interesting is the question?

Please rate the overall information content on this web site

Story:
If you could wave a magic wand and make a new page for this web site, what would it do or say?

Game:
You’ve asked us to improve the information content on this web site. Here are some different changes we thought of and what they would cost. If you had $5,000 to spend, which would you choose?
Data collection policies

• Field procedures
  – (training, supervision, quality control)

• Reducing errors
  – (response and nonresponse errors)

• Editing
  – (field & office edit)

• Coding
  – (precoding and creating a codebook)
Focus group process

Design project
- Size and composition of group
- Number of groups
- Location & physical environment
- Roles & responsibilities

Prepare field
- Recruit participants
- Arrange facilities
- Train / prepare moderator

Procedures
- Develop discussion guide

Develop questionnaire
- Moderate session(s)
- Tape session

Collect data
- Review tape, discussion guide

Process data
- Write / evaluate report

Examine findings
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Focus group moderator tips

- Start the discussion by conveying the research purpose and framing the group dynamic
- Pace the session
- Encourage full involvement
- Use open, unstructured questions
- Probe for more depth
- Listen actively
- Treat conflicting points of view equally
- Develop contingency plans

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Digital media might play a role

**Qualitative**
- Informal website surveys
- Open-ended questions & comments
- Online panels
- Monitor Twitter and Facebook “chatter”
- Look for trends on LinkedIn and blogs
- May provide “secondary data” for problem definition

**Quantitative**
- Email invitations to specific random sample
- Closed-ended questions
- Limited response options
- Provides some hard data that *might* be projected to a larger audience
- May be able to connect with qualitative data for more insights
Data collection policies

• Field procedures
  – (training, supervision, quality control)

• Reducing errors
  – (response and nonresponse errors)

• Editing
  – (field & office edit)

• Coding
  – (precoding and creating a codebook)
Analyze results

Identify patterns and surprises

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Analysis tips

• Start with basic analyses first
  – frequencies, tabs, crosstabs

• Address outliers
  – weight, eliminate or leave as is

• Know what you want from the data
  – for more advanced statistics

• Match statistics with data type
  – categorical vs. continuous data
Typical data uses

- Describe or profile (e.g., segments)
- Determine relationships between variables
- Determine meaningful differences between groups
- Collapse data into groups
- Forecast or project performance
Analyzing statistical relationships, differences

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Categorical</th>
<th>Continuous</th>
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<tbody>
<tr>
<td>Categorical</td>
<td>Chi-Square</td>
<td>Discriminant</td>
</tr>
<tr>
<td>Continuous</td>
<td>ANOVA</td>
<td>Linear regression</td>
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</tbody>
</table>

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Look for segmentation patterns
Make decision(s)

- Prepare report
- Evaluate project
- Implement findings
Research report

- Executive summary
- Statement of *why* research conducted
- Research design/methodology
- Data findings
- Interpretations of results
- Recommendations
- Limitations
- Next steps (if relevant)
Focus group report

- Executive summary, background
- Methodology description
- Predispositions
  - Moderator / client
  - Panel members
- Findings
  - Topical responses
  - Reactions to props
- Summary and implications

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Final steps

• Present findings to decision makers, using visuals as appropriate
• Develop (or assist with development of) plan to implement results
• Database results, searchable for future projects
• Evaluate any external vendors used in the process
How thoroughly do you scope your research projects? What steps do you take to minimize total error? Do you consider all approaches to marketing research, or do you jump to the same approach you have always used? Do you know when to use focus groups, ethnography, surveys, experiments, and other types of research?

Do you pilot test your data collection instruments (questionnaires) before using them? How strong is your quality control over the marketing research process?

At the conclusion of the project do you fully implement results? Do you evaluate the effectiveness of the process and (if relevant) the supplier?
There are several people who taught in and/or contributed to this course over the years. I would like to thank the main contributors as listed below.

Tim Aurand
Cheryl Bann
Steve Bork
Dennis Boyce
Bob Fichtner
Marcia Kassieta
Bob Shaver
Monika Wingate
Just as we routinely upgrade computer systems, we must upgrade our own knowledge systems. Linda has helped over 10,000 people over a 25+ year period with these educational upgrades, merging anecdotal client experience with researched “best practices,” and sharing the resulting insights with managers and executives. After working in the office products, publishing and insurance industries, she joined UW-Madison’s Center for Professional and Executive Development, both as a corporate trainer and program director. Now, as a director emerita, she provides workshops for select clients.


Linda is now a blogger, mystery author and *Creativity Curator* for her own company, Tomorrow’s Mysteries, LLC.
For more information, refer to the following books on Amazon, follow my blogs, and download several free articles from my website, BrainSnacksCafe.com.

The Product Management ShortRead Series is a collection of “bite-sized” (about 100 pages) books on selected topics. Product Management 101 and Product Strategy & Roadmaps were published in January 2017. Creatively Innovative is scheduled for late 2017.
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