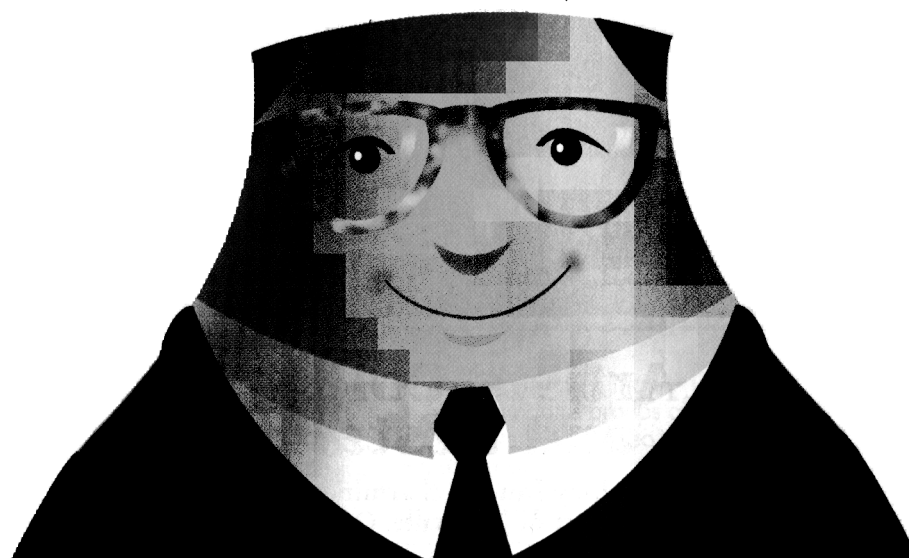


# Really Know Your Customers

Marketing research: Why do it, and how to find a firm.

PERCEPTION?  
AWARENESS?  
USAGE?  
LIKES/DISLIKES?



**Get in his head**  
Customer-loyalty research is popular because customers' values, needs and desires are very dynamic.

izing in the pre-testing of advertising and promotions. "I always look at the size of the risk involved. Sometimes the size of the risk is not large enough to require a large investment in research."

Even if the risk is considerable, management may believe it has all bases covered. Sales representatives may talk with customers on a regular basis, the CEO may take them golfing once or twice a year and the company have a customer-feedback mechanism in place.

"Those kinds of efforts don't really get to the truth when assessing customer loyalty," says B.J. Kyzr-Sheely, executive vice president of product development for Indianapolis-based Walker Information Inc., a global firm specializing in customer-loyalty research. "You have to go below the surface and truly understand loyalty, which is more than just behavior."

That involves the use of proven, scientific-based methodologies to gather and

## by Shari Held

MARKETING RESEARCH has been used for years in some industries, but in today's competitive marketplace and economy, it is becoming more mainstream. Here's an overview of marketing research and how to go about selecting a research firm.

The main question for companies contemplating market research may well be, is it worth it?

"When companies are making decisions in a downturn economy, they have to watch every dollar," says David Sokolowski, president and CEO of Advantage Research Services Inc. "They just don't have any room for error." Advantage Research Services is a full-service research company headquartered in Livonia, Michigan, with Midwest branch offices that include one in Fort Wayne.

While marketing-research information does not guarantee success, it can assist management in decision-making processes. "I've always thought of the role of marketing research as managing risk—avoiding bad decisions and capitalizing on opportunities," says Michael Rabuck, group president of Best Practices Support for Evansville-based ARS Group, a global research firm special-

interpret information administered by an objective third-party. "This is the modern-day way of being intimate with your customers," says Kyzr-Sheeley.

Customer-loyalty research is popular because customers' values, needs and desires are very dynamic. But it's not the only kind of customer research. An equal or greater amount of research is done in exploring new products or services and in testing the appeal of advertising campaigns.

While marketing research is valuable to almost every industry, some rely on it more than others. "Typically the service industry is likely to be more volatile than the product industry because the competition can easily replicate the offering," says Jim Ittenbach, president and CEO of Carmel-based Strategic Marketing & Research Inc., a full-service market-research supplier. "For example, financial-service organizations exist in an evolutionary, fast-paced market environment. The volatility of change within the industry in which you compete would probably best indicate the extent of need to stay current

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with your customers and competitors within the marketplace," he says.

"When things are going very well, businesses can opt to ride the crest, stay the course or reinvent themselves," he continues. "It's the opposite when sales or customers or delivery systems begin to fail. Then the benefit [of doing research] occurs at the onset of the problem identification."

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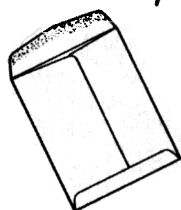


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attitude or behavior can be measured—awareness, perceptions, product or service usage, likes and dislikes—even the likelihood of future purchase behavior.

The objectives and measurement techniques used to research products and services are usually similar, although services present some challenges.

"The primary difference is that a product has some tangible elements to it," says Ittenbach. "Products can be tested before they are placed on the market and the cause of failure is easier to isolate. In the service industry, the quality and benefits are recognized as they are being consumed or experienced by the customer. It is real-time and experiential and there is less quality control."

There are two different types of research: qualitative and quantitative. A focus group is one technique used in qualitative research. Focus groups are cost-effective and results can be analyzed quickly, but they don't provide statistical representation. In other words, the findings can't be projected on the targeted population as a whole.

Quantitative research—often questionnaires that are conducted via telephone, mailers or the Internet—provides statistical analysis of data and takes longer to develop a report, anywhere from two weeks for the Internet, two months for phone and up to four months for mail survey market studies.

The "Do Not Call" list is making it difficult for research companies to get truly representative samples. "Marketing-research companies are exempt from the list," says Sokolowski. "We are not telemarketers. A marketing-research company never sells anything. This is the biggest misconception on the consumer's part right now." It's also one reason the Internet is being used to collect data more often now.

Selecting a firm to conduct research isn't difficult, but it does require planning. Rabuck suggests starting with the *Green Book*, put out by the American Marketing Association. It lists research firms, their specialties and offerings.

Smaller companies with budgets that don't allow for research may investigate universities with research programs that may need a project for students to take



on. "A lot of times you can get some good quality work for a reasonable amount of money," he says.

ence," says Sokolowski. "Is it a fit for your company? Do they have experiences in similar types of establishments

people may like a very large, established research company, but some may want a more personal level of service. What kind of account relationship are you going to have? Who is going to work on the account? What is the experience of the people at the company?"

"Don't be afraid to ask the tough questions," says Rabuck. "There's a great deal of variance from one company to another."

And ask how the research will affect the bottom line. What's the return on investment? "You have to know what it is you are really being provided," cautions Kyzr-Sheeley. "One of the things that our customers expect from the information is that they can tie it to their own internal operating metrics—to employee retention and financials. You should be able to measure ROI. You want to be sure you are working with a firm that has a proven track record, that will stand behind its information and help you demonstrate the ROI within your organization." ■

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Ittenbach says most companies select a research supplier by employing three primary methods: getting a referral from peers in the industry, finding organizations that specialize in the type of research needed—customer satisfaction, new product or service testing or advertising testing—or putting it out to bid and seeing which supplier has the best solution within the budget.

"I would ask about their past experi-

and lines of businesses?" During the interview process, the questions asked by the research firm are often just as telling as its answers to questions asked by the would-be client.

You also need to develop a comfortable working relationship with the firm you select. "I think the size of the organization is important," says Michelle Zurowick, project manager for Advantage Research Services Inc. "Some

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