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## **Working With Marketing Research: A Message To Marketers**

*There is ample evidence to prove that sound research practices consistently drive business success. So why do our colleagues in marketing not believe it?*

Recent discussions with several senior executives left me with the impression that marketing management sees the research function as being in a rather grim state of affairs – most seriously, the belief that the usefulness and quality of marketing research is on the decline. True, a staffing crunch, declining response rates, and ever-shrinking timelines are worrisome trends. And yes, there have been a few embarrassing, high-profile gaffes (i.e., New Coke). Yet, on balance, the capabilities of research have never been stronger and, given the risks, the need for sound research has never been greater. Businesses simply cannot afford to marginalize this essential, knowledge-seeking function. Why, then, is there so often a disconnect between the promise versus perceived delivery of marketing research among our colleagues in Marketing?

Nearly all marketing executives I come into contact with express a strong belief in research, yet some fail to appreciate the distinction (which, on the surface, seems trivial) between basic *market* research and higher-level, value-added *marketing* research. Market research consists of important, albeit basic, marketplace facts – sales, share, demographics (i.e., ‘report card’ data). At the other end of the continuum is marketing research, which actively investigates marketing opportunities and problems; evaluates marketing strategies and actions; and – most importantly – plays an integral role in improving the company’s marketing process. The very best researchers add value not just by knowing their craft, but by truly understanding the relationship between customers and their brands, and each brand’s place in the organization’s overall portfolio. They think like an owner, act as internal advocates for their brands, and actively champion their role across the organization. Given the choice, as a mar-

keter which of these two forms of ‘research’ would you rather have working for you?

Too often, the research process is seen by marketers as an obstacle to action, because needed research does not fit into pre-ordained timelines. The true dollar value of some research is also viewed as a conceptual abstraction, making it an easier target for criticism. What, for example, is the true value of research if the decision is to *not* move forward with a bad idea. What value do we attribute to research when an optimized sales message takes longer to develop, but results in a meaningful share gain? Marketers will often (but incorrectly) point to the high failure rate of new product introductions, and conclude some type of deficiency in marketing research itself. Yet, upon closer scrutiny, available data contradicts this assumption. Information Resources recently reported the results of a two-year study of all consumer packaged goods brands and line extensions in 21 categories introduced between 1996-1998. The study showed that:

- Half of all new brands and 53% of all line extensions failed, but this statistic included so-called “launches” with absolutely *no media support*.
- *In-market testing greatly improved the odds of success*: brands that succeeded in live test markets enjoyed post-launch success rates of over 80%.
- Not surprisingly, *media support was a strong correlate of success*. Introductions with \$5MM+ in Year I advertising achieved an average success rate of 75%, versus just 32% for products with < \$1MM in spending.

New products are the life-blood of every business: in the CPG industry alone, 1,000 new brands and 25,000 SKUs are introduced each year. In this jam-packed environment, why should we be shocked by the

fact that many new products fail? Shouldn't we be celebrating the fact that research identifies so many that succeed? The roadside is littered with the wreckage of ill-conceived, ineptly-marketed ideas. Might a little marketing research have helped a few dot.coms find their way?

Recent jumps in U.S. research spending are also viewed by some marketers as evidence of a declining value proposition in research. Spending, however, is highly correlated with economic trends, and lately there has been much more contraction than growth. An annual study of marketing research directors (conducted by Surveys & Forecasts for Career Consulting Group of Stamford, CT) shows that consumer packaged goods research spending *as a percent of sales* has remained remarkably flat (hovering near 1%) for much of the past decade. What *has* increased is the *spending per research professional* (from \$900K in '95 to \$1.2MM in '99). This study also shows just one-third of research directors as "Extremely" or "Very Satisfied" with their current staffing levels. In our current low-growth economic environment, companies are cutting research staff further to sustain margins. As this happens, the "survivors" (typically the more highly skilled researchers) become reactive order-takers. The time once reserved for careful planning, design, and test interpretation is replaced by rote test execution. If marketers tacitly accept this "dumbing down" of the research function, is it really a failure of marketing research?

As we emerge from our current economic malaise, businesses will again need to create new products and launch new marketing strategies. Smart companies understand that intelligently developed research programs *will not* automatically "invent" new products for them, but *will* consistently drive business success, year after year. Here are some fundamental, but oft-forgotten, ways to tap into the full potential of your company's marketing research team:

1. **Staff your department with research experts who are also business generalists.** Researchers without basic business acumen will inadvertently squander your company's valuable research dollars. Re-examine the skill sets assigned to your most important brands or businesses, and adjust if necessary.
2. **Create an environment in which your research people are fully engaged, and are free to disagree with you.** If you truly want an advocate for your brand, be willing to hear from those closest to the end-customer.
3. **Communicate! Involve your key research people early in the brand planning cycle.** Knowing the strategic priorities of the business leads to better anticipation, research design, and interpretation. In turn, make research responsible for keeping your team abreast of changing consumer needs and market trends.
4. **Benchmark your research department against other peer group companies to determine best practices, and to see if you are staffed appropriately.** Be willing to make the investment in good research people to get the quality you need.
5. **Take the time to get the proposition right, and then adhere to clear standards for go/no go decisions in advance of research results.** Using internal "spin" to move marginal ideas ahead wastes time and money. David Ogilvy once quipped, "On those rare occasions when I have advertised products which consumer tests have found inferior to other products in the same field, the results have been disastrous." Be able to accept negative results and move on.
6. **Develop normative databases for idea screening, positioning research, product testing, copy research, and tracking studies.** This is the only way to ever know if you are moving forward or simply treading water.

7. **Eliminate internal 'client' vs. 'vendor' thinking when dealing with marketing research.** Marketing and research are not adversaries; both should be working in concert toward one common goal: the success of the business. The 'client' is the customer who buys your product.
8. **Avoid going to research with requests for specific tests.** Instead, present the marketing problem or issue, and then let your researchers advise you of the most appropriate response.
9. **Support industry efforts to encourage the cooperation of the public.** Commit time and money to industry advocacy groups, such as the non-profit Council for Marketing and Opinion Research (CMOR), who are educating the public about legitimate survey research, and who are lobbying against restrictive legislation. It will help all of us in the long run.

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