The activities that can be described as “market research” cover a vast territory, and it would require a hefty volume to offer a comprehensive overview of all the activities that might be labeled by this term. This book has a much tighter focus. Here, market research means techniques for gathering information from and about customers to support a business decision. The starting point, then, is that you are a businessperson who faces a challenging, important, and perhaps risky decision. The question is whether collecting information from or about customers could lead to a better decision. If your answer to this question is at least a tentative “yes,” then, whether you realize it or not, you are considering whether to do market research. You hope to address an information gap that prevents you from confidently making the best decision possible. And that’s the purpose of market research.

The answer will not always be yes, let’s do market research. Managers are faced with countless business decisions. Not all of these decisions can be improved by collecting data from or about customers. One reason is that many business decisions aren’t marketing decisions (for instance, What metrics should I apply to determine this year’s annual raise for my employees?). But not even all marketing decisions benefit from market research. First of all, the decision has to be big and important enough to justify the cost (as we’ll see, market research can be quite expensive). Second, the decision has to have a long enough
time frame to allow for data collection (sometimes, market research consumes months). And finally, the decision has to be such as to benefit from collecting data from or about customers. Suppose your product development path depends on the decision of an international standards body that is currently riven by dissension. It’s unlikely that time or money spent on getting information from customers can give you any insight into how that standards body will rule and, hence, what your product development decisions should be.

Conversely, the answer will almost certainly be yes, do consider doing market research, if there is enough money at stake and any of the information gaps listed below stand between you and a good decision.

I don’t know . . .

- enough about what customers actually need
- what’s on their minds or how their situation is changing
- what they are (un)happy about, or what’s driving this (un)happiness
- how many customers of Type X versus Type Y are out there
- how customers select a vendor, search for information, decide where to shop, and so forth
- what drives the choice of one product configuration over another
- how much they’d be willing to pay
- how many would buy at this price

In summary, you should consider doing market research whenever you feel unable to move forward toward a decision because you lack information from or about customers. If you’re not faced with a decision, you can’t really justify doing market research (you may and should collect marketing intelligence on an ongoing basis, but that’s not covered in this book). If it isn’t a marketing decision, or information from customers can’t really help, then also you should not be doing market research.

The point here is that market research is not like controlling costs, making processes more efficient, eating right, getting exercise, or any of the many activities that have to be done and ought to be done day in, day out. The need for market research only arises at specific points in time. No decision looming, or no ability to identify a decision, and/or no information gap indicates no opportunity or need for market research. As a businessperson, you don’t do market research because it’s a virtuous practice; you do it when and if it promises a payoff.
HOW MANY KINDS OF MARKET RESEARCH?

The two fundamental modes of doing market research are exploratory and confirmatory. You either have a discovery orientation—a goal of generating possibilities and new ideas—or you want to narrow things down and eliminate possibilities so as to select the one best option—the right answer. Most exploratory research uses qualitative techniques: You want a better grasp of the different qualities of customer response. Most confirmatory research uses quantitative techniques: You want to count the frequency of or measure the strength of the various qualities of response identified during the exploratory phases. The distinction between qualitative and quantitative techniques provides an organizing framework for the book.

Different techniques apply when you are exploring or confirming. For instance, a focus group can’t confirm much of anything, but it can generate lots of new possibilities. If you can keep the distinction between qualitative and quantitative modes straight in your mind, you will avoid the worst mistakes. Most of the horror stories in market research involve trying to make an exploratory qualitative technique do confirmatory work or rushing ahead to a confirmatory quantitative technique before doing the necessary exploration.

So one answer to the question of “How many kinds of market research?” is: There are just two. There are two basic approaches to collecting data from or about customers, corresponding to two different purposes: exploratory investigations of the specific qualities that customer response can take on versus confirmatory investigations designed to count or quantify the qualities discovered earlier.

From a slightly different angle, if we focus on what the market researcher actually does in collecting customer data, we can also distinguish four fundamental activities:

- Search an archive.
- Ask customers questions.
- Observe what customers do.
- Arrange for customers to respond to structured stimuli.

Once we combine the two purposes and four actions, we can transition to the named market research techniques to which the bulk of the book is devoted, as laid out next.
THE MARKET RESEARCH TOOLBOX

First, a few comments about what’s missing from the table, because that information is not covered in this book. The advent of the Internet greatly expanded the ability of marketers to observe the behaviors of customers in a systematic, confirmatory way. An example is the path a customer takes to your website and how she navigates within it. Google Analytics provides some tools for studying these behaviors in a confirmatory way; many other tools are being pioneered. Likewise, mathematical models are being built and tested to understand what works and what doesn’t in terms of website design, keywords for search advertising, coupon offers, and the like. These sophisticated models based on observations of customer behavior are beyond the scope of this introductory treatment.

The remaining omission serves to make a point: There’s no such thing as an exploratory experiment. Experimentation is the epitome of confirmatory research; so is conjoint analysis, which is a kind of experiment, as described later. The table sketches out a point that will be crucial as we proceed: Some market research techniques, such as exploratory techniques, typically come into play early in the decision process, others not until much later. Experiments are necessarily a tool used late in the decision cycle; they are the confirmatory tools par excellence. Finally, secondary research can be pursued in either an exploratory or confirmatory mode, depending on what kind of information is being sought for what purpose.

RESEARCH TECHNIQUES

With these preliminaries out of the way, let me introduce to you the specific techniques to which this book provides a concise guide. The metaphor that guides the book is that as a manager trying to build an understanding of customers, you have available a toolbox. Like a carpenter’s toolbox, it contains the

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<td>Arrange stimuli:</td>
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[null set] | Experiments |
| | Conjoint analysis |
equivalent of a hammer, a screwdriver, a wrench, a saw, and so forth. Now think for a moment about how a carpenter uses that toolbox. Does he pick up a screwdriver when he has a nail to drive? Of course not; the screwdriver is the wrong tool for that purpose. Does he throw the screwdriver away because it’s a failure in being such a bad tool for driving nails? Not at all; he knows it will come in handy later, when he has to set a screw. The carpenter seeks the right tool for the job at hand. Since a lot of different jobs have to be done in the course of building a house, he lugs the whole toolbox to the job site. Imagine how strange it would be if instead he brought only a 9-inch socket wrench and proclaimed: “I am going to construct this entire house using only this one tool.”

As a beginner in market research, you need to have the contents of the toolbox laid out for you one by one. You don’t want to be like the little boy handed a hammer to whom the whole world looked like a nail! You want to use the right tool for the job. You don’t want to reach for the hammer every time. You don’t want to throw away the screwdriver because it bruised your thumb the first time you tried to drive a nail with it. To that end, you need to be introduced to the major tools. Then in the next chapter, we’ll distinguish specific “jobs” and match tools to jobs, as hammer to driving nails, wrench to tightening bolts, and so on.

Secondary Research

This research technique encompasses any data collected by someone else for some other purpose that also happens to be useful to you as you pursue your purposes. Secondary research can take the form of either internal or external data. Common examples of external secondary research include data compiled by the Census Bureau and other government agencies, reports written by consulting firms and sold to interested parties (e.g., “Five-Year Sales Projections for Web-Enabled Smart Phones”), and publicly available information, such as articles in the trade press. Searching Google to understand what your competitors are doing would also be secondary research, as would almost any other Internet search intended to support a particular marketing decision. Common examples of internal secondary research would be sales records, customer databases, and past market research reports. In short, secondary data can be numbers gathered for some other purpose or text written by someone else on a topic that happens to be relevant to you.

Customer Visits

In a program of customer visits, a dozen or more customers are interviewed at their place of business. Customer visits can be thought of as a
combination of exploratory observation and face-to-face interviews. I should point out that if this was a conventional textbook focused on consumer packaged-goods examples, this technique would be named something like “one-on-one interviews,” “depth interviews,” or just “interviews.” But in the B2B world, it rarely if ever makes sense to interview individual customers in a specialized market research facility; instead, typically you will interview customers at their place of work. This practice introduces observational opportunities; hence the term “customer visits” rather than “one-on-one interviews.”

Focus groups

In a focus group, 8 to 12 consumers meet in a special facility for approximately 2 hours. The facility enables you to view the group from behind a one-way mirror and to make audio- and videotapes. The group discussion is moderated by a professional interviewer in accordance with objectives set by you. Focus groups are very similar to customer visits in being exploratory interviews, but they lack an observational component and introduce logistical complexities. Hence, they are somewhat more narrow in their applicability. To a considerable degree, however, customer visits and focus groups are substitutes for one another, presenting the same opportunities and suffering from the same limitations. In the course of a given research project, most firms will do one or the other, but not both, if interviews are pertinent at all.

Survey

A survey takes place when a fixed set of questions is asked of a large sample of customers. In many cases, the sample is carefully selected to represent the total population of customers. The questions are mostly descriptive and classificatory in nature: In a B2B context, questions asked of customers might include How big is your firm? When did you buy the product? How many other vendors did you consider? and the like. Questions may also be structured as rating scales: for example, “on a 10-point scale where ‘10’ is outstanding, how would you rate our performance of each of these aspects of service delivery . . .” Increasingly, these questions are administered over the Web, but there continues to be substantial use of telephone surveys as well. What makes “asking customers questions” a survey rather than an interview is that the questions are fixed and asked the same way of every customer every time. Surveys provide a quantitative approach to asking questions, interviews a qualitative approach.
Conjoint Analysis

In a conjoint study, consumers are presented with various product configurations consisting of a set of features each delivered at a specified level. Thus, a computer monitor might be described in terms of resolution (1024 × 768 pixels or 1280 × 1024 pixels), price ($300, $400, or $500), screen size (15-inch, 17-inch, 19-inch), and so forth. Some subset of all the possible permutations is rated, and the mathematical analysis of these ratings gives insight into how consumers make trade-offs among different features and price points. Although there are many different ways to implement conjoint studies, regardless of format, the goal is always to build a model of how a customer makes a choice among the various product offerings available and, thus, to identify and quantify choice drivers (for example, how many dollars more, if any, will a consumer pay for a monitor with a resolution of 1280 × 1024?). The goal of conjoint analysis is thus to answer questions such as Which product attributes drive the purchase decision? And how do customers make trade-offs between features and price?

Experiments

In the simplest form of an experiment, you would administer two different treatments to two equivalent groups of customers and measure the response of each group to the treatment. The purpose of an experiment is to test which among a small number of treatments stimulates the greatest response. For example, you may be considering two different subject lines for use in an e-mail promotion, and you want to know which version will be most successful in driving customers to your website. You could draw a sample of 800 e-mail addresses, randomly assign 400 each to receive alternative versions, and then count which subject line produced the largest number of hits to your website. Although I phrased this example in terms of a test of advertising messages, experimental procedures can also be used to test different price points, product configurations, and anything else where the manager’s decision boils down to selecting which candidate among a set is best.

* * *

Now that you’ve been shown each of the tools in the toolbox and allowed to examine it briefly, it’s time to turn to the jobs that match up to each tool. To do this, we need to consider the kinds of marketing decisions businesspeople can address through market research. The guiding idea here is the notion of a generic decision cycle: that business decisions proceed through a series of
stages and that the choice of market research technique is stage dependent. The next chapter elaborates on these ideas and concludes by tying each of the tools just described to specific stages in the decision cycle.

REFERENCES AND SUGGESTED READINGS


This short book provides a brief introduction to the range of marketing strategies and strategy frameworks taught to MBA students today. These strategies underlie most of the decisions that market research can support.

The following publications provide a means of keeping up with developments in market research. All have associated websites showing tables of content for recent issues.

- *Journal of Advertising Research* (JAR) emphasizes research on all aspects of advertising, has a strong practitioner focus, and often reports studies based on real-world data.
- *Journal of Marketing Research* (JMR) is the leading academic journal in this area. Highly technical articles emphasize tests of theories and new analytic techniques.
- *Journal of the Market Research Society* (JMRS) is a leading British journal that has historically been strong in the area of qualitative research.
- *Journal of Product Innovation Management* (JPIM) is a good source for current thinking on new product development.
- *Marketing News* (MN) is the newsletter of the American Marketing Association and regularly publishes guides to market research software, focus group facilities, and so forth.
- *Marketing Research Magazine* (MR) is addressed to practitioners and provides many detailed examples of the actual market research practices and policies of leading firms.
- *Marketing Science* (MS) is a prestigious academic journal that emphasizes the development and testing of mathematical models of marketing phenomena such as price elasticity and effects of various budget levels.
- The website of the American Marketing Association provide access to conferences on market research topics and other relevant resources: marketingpower.com.
- To find specialists in one or another market research technique, consult the Green Book directory (greenbook.org).