The first step in planning a market research study is to spend some time identifying and articulating the underlying decision problem that makes a research study seem necessary. The importance of this initial step cannot be overemphasized. The more secure the researcher’s grasp of the decision problem, the greater the probability that the results of market research will make a difference and contribute real value to the firm. Conversely, when the decision problem is left tacit or never developed, the research effort may be misguided or may address only part of the problem or even the wrong problem altogether. This is to reiterate that market research is conducted to serve the needs of business decision makers. If one loses sight of this imperative, then research activities may simply be an expensive way to satisfy idle curiosity, an exercise in politics (to justify decisions already made), or an excuse for dithering and failing to take action.

This prescription to articulate the decision problem at the beginning may sound straightforward, but it is surprisingly difficult to implement in practice. One difficulty is that the person responsible for designing and implementing the market research study is generally not the same individual as the decision maker who must act on the research results. This separation of responsibilities makes communication failures all too likely. If the researcher does not spend enough time in dialogue with the decision maker, the full dimensions of the decision problem may not come into view. When this happens, the decision
maker is likely to be disappointed with the results of the research, finding them to be either beside the point or only half an answer.

Even when the decision maker and researcher are the same individual, it is still important to spend some time articulating the decision problem prior to specifying the market research study. The reason is that most decision makers do not face isolated, clearly defined problems. Instead, they face tangled messes. Thus, a decision maker may find him- or herself thinking,

Sales fell short last year. But sales would have approached the goal, except for six territories in two regions, where results were very poor. Of course, we implemented an across-the-board price increase last year, so our profit margin goals were just about met, even though sales revenue fell short. Yet two of our competitors saw above-trend sales increases last year. Still, another competitor seems to be struggling, and word on the street is they have been slashing prices to close deals. Of course, the economy was pretty uneven across our geographies last year . . .

Simultaneously, our decision maker is grappling with the dissonant views and varying agendas of colleagues and peers. One colleague takes the sales shortfall as an opportunity to push once more for an expansion of the product line; another reiterates that the alignment of sales incentives with sales performance goals has not been reviewed in years and that one of the regions in question saw considerable turnover in the sales force last year. Just then, our decision maker’s own manager may pop in with a reminder that a revised sales forecast is due at the end of the quarter. What a mess!

In short, whether or not the researcher and decision maker are the same individual, time must be spent and the effort made to identify the focal decision problem. Once the decision problem has been stated, you can make an intelligent decision about whether to do market research at all, and if so, which technique to use. If the decision problem is not articulated, then the organization either does not do any market research, blundering forward as best it can, or defaults to whatever research technique is either traditional within the firm (“Let’s send customers a questionnaire”) or the personal favorite approach of some key manager (“Focus groups would be good here”). I cannot emphasize this point strongly enough: It is impossible to make an intelligent selection from among the many market research techniques available, absent a clear and comprehensive formulation of the decision problem the research is supposed to address.
DECISION PROBLEM TO RESEARCH QUESTION

Table 2.1 outlines a process for identifying decision problems and translating these into a research design. Returning to our “sales are down” example, and assuming that the decision maker has been identified, the next step is to generate alternative statements of the decision problem. Here are some examples of alternative formulations of the decision problem:

A. We need to overhaul our sales compensation system. What changes should we make?

B. Our product line has to be broadened. What expansions would be best?

C. We have to improve the price–performance ratio of our offering to make it more effective. Should we adjust price, add services, or do both?

D. We need to diagnose what went wrong in the six lagging sales territories and identify corrective actions.

Each of these problem statements can be mapped onto the decision maker’s musings reproduced earlier. However, each statement is going to take us in a very different direction as far as conducting any market research is concerned. In fact, at least one of these decision problems (the sales compensation issue) can’t be addressed by market research as conventionally understood. True, some sort of investigation may be conducted in this instance (as when we gather information on the compensation practices of other firms in our industry for purposes of benchmarking), but market research, at least from the perspective of this book, should not be confused with the broader category of social science research or the even broader activity of fact gathering in general. Market research, as we shall use the term, refers to a specific set of information-gathering activities focused on customers. Thus, problem statements B, C, or D can be addressed through some kind of market research, as defined in this book, whereas problem statement 1 cannot. In other words, one of the first fruits of attempting to formulate alternative problem statements may be the realization that market research is beside the point. If decision makers have other information that suggests that the sales compensation system is out of whack and that this misalignment is beginning to hurt company performance, they may well choose to nominate that problem as the problem and attack it
first, without getting involved in market research per se. A more general account of the limiting conditions on market research will be given in the final chapter.

Can we now choose which of the remaining formulations represents the best statement of the decision problem at hand? In the abstract, as an outside researcher having only the information reproduced in these pages, there really is no way to determine which of the remaining statements represents the best formulation—only the decision maker knows. That is, the decision maker possesses a great deal of other knowledge, both explicit and tacit, that is essential for selecting which of the remaining statements should be used to guide market research. Until the decision maker weighs all the information available and comes to a conclusion such as “I’m really worried that we’re not price competitive,” or “My hunch is that the

Table 2.1 Planning Process for Marketing Research

<table>
<thead>
<tr>
<th>Stage</th>
<th>Issues to Be Resolved</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Identify and articulate the decision problem</td>
<td>• Who is the decision maker?</td>
</tr>
<tr>
<td></td>
<td>• What are alternative ways to state the problem?</td>
</tr>
<tr>
<td></td>
<td>• Do these statements get at the problem or are they only symptoms of some deeper problem?</td>
</tr>
<tr>
<td></td>
<td>• Is this a decision that can be addressed through market research?</td>
</tr>
<tr>
<td>2. Identify key questions that must be answered before a decision can be made</td>
<td>• What specific questions are most pertinent?</td>
</tr>
<tr>
<td></td>
<td>• Is there one question or many questions?</td>
</tr>
<tr>
<td></td>
<td>• Can this question be answered with the time and money available?</td>
</tr>
<tr>
<td>3. Identify research techniques that would be appropriate for answering these questions</td>
<td>• One research technique or several?</td>
</tr>
<tr>
<td></td>
<td>• Techniques used in combination or in sequence?</td>
</tr>
<tr>
<td>4. Design the research study</td>
<td>• What specific objectives should guide the research?</td>
</tr>
<tr>
<td></td>
<td>• Who should participate (i.e., if primary research, how many of what kind of customers; if secondary research, what data sources should be consulted)</td>
</tr>
<tr>
<td></td>
<td>• Estimate needed budget, time frame, and other resource requirements</td>
</tr>
</tbody>
</table>
sales problem is local to those half a dozen territories,” the design of market research cannot proceed. In the abstract, any of the remaining statements could be the problem statement (and these are far from an exhaustive list). Each statement is capable of guiding subsequent market research, each captures at least some of the uncertainty facing the decision maker, and each is plausible as a response to the triggering complaint—sales are down.

**Role of the Decision Maker**

The discussion thus far suggests several practical insights into the conduct of market research. First, if the researcher and decision maker are not the same person, then it is imperative that the researcher have some kind of significant dialogue with the decision maker. The decision maker has to decide what the problem is, and in the real world, beset by complicated messes and the competing agendas of colleagues, this is no easy task. Hence, to be effective, market researchers cannot simply be order takers (“Three focus groups, coming right up”). Order takers fail their clients, because to be effective, good researchers have to help clients think through the problems at hand. Order takers also fail in their own business because the model is flawed—successful market researchers have to be consultants, not order takers. If the decision maker and researcher are one and the same person, then the decision maker must conduct this Socratic dialogue with him- or herself, first generating alternative problem statements and then selecting the best candidate among them.

Second, it should be apparent that each of the remaining problem statements leads to very different sorts of market research efforts. Thus, a focus on broadening the product line may not delve deeply into pricing issues or involve a comparison and contrast of specific sales territories. What may be less apparent is that every alternative problem statement foregrounds or privileges some possible answer to the triggering complaint and minimizes or excludes other potential answers or resolutions. If we choose to focus our research on the six lagging territories, we are implicitly rejecting the idea that there is anything wrong with our product line per se. In selecting a problem formulation, we may be mistaken (after all, we haven’t conducted any research as yet!), and this mistake may not be recoverable in the time available. There is no way to escape this dilemma. It serves as a reminder that problem formulation has to be done carefully. If we get the problem right, then some kind of market research will probably be helpful. If we get the problem wrong, then it won’t matter much how good the research is.
To continue through the stages outlined in Table 2.1, let’s suppose that the decision maker has a strong hunch that there really is a localized problem in the six territories—or at least, wants to rule this out before proceeding to any other investigations. Once we have settled on a decision problem, as captured in statement D, the next step is to brainstorm the kinds of questions that have to be answered before corrective actions can be undertaken. For example, are the six lagging territories distinctive in some other way, relative to the remaining territories, beyond the difference in sales growth? Do the six territories share any common factors that are uncommon among the remaining territories? If we could find other shared differences or commonalities, we can examine these as potential causes for the sales shortfall in these territories.

Each such question identifies an information gap that market research might be able to close. Given questions of this sort, we can ask whether they are answerable at a reasonable cost and begin to identify an appropriate research technique. Note again that once we accept a problem formulation that focuses on the six problematic sales territories, we cease to ask questions about differences that are general across the firm’s markets, such as our price performance ratio or problems with product line breadth.

As phrased, the question about factors shared by the six territories, that in turn distinguishes them from other sales territories, seems eminently answerable. Generally, the firm will maintain one or more databases containing descriptive data on each territory. External databases should also be available, allowing us to ask about the overall economic health or growth rate of each territory, population factors associated with each territory, and so on.

It would appear, then, that the initial selection of research technique will be to gather and also tap into existing archives of data—that is, to conduct secondary research. You design a secondary research effort by specifying the kinds of archived data you wish to examine and the specific variables you will analyze, in this case, for the purpose of comparing the six territories with the remainder. Thus, you will look to internal databases for data on sales calls undertaken, the ratio of wins to losses, sales force turnover in each territory, and so forth. You will consult external databases for information on competitor presence and activity in each territory, economic factors affecting each territory, and so forth.

From Research Design to Implementation

At this point, the research design is essentially complete. You have formulated the decision problem, generated specific research questions to be addressed,
and selected an appropriate research technique capable of addressing these questions. What remains is to implement the research, analyze and interpret the results, and formulate corrective actions (which, in some cases, may themselves need to be vetted by additional research). To complete the loop, one of two outcomes is likely in the case of the running example. On the one hand, analysis of secondary data may produce a “smoking gun.” For instance, you may discover that the struggling competitor, who slashed prices last year, has a strong presence in each of the six lagging territories but has much less of a presence in most of the remaining territories. You now have a potential explanation for the overall sales shortfall, in terms of localized competitive price-cutting, and can begin to generate potential responses. These might include authorizing a higher level of discount when going head to head with this competitor or more heavily promoting those aspects of your product’s functionality where this competitor’s product is weakest, and so on. Specific actions will now be founded on data.

Alternatively, your search for shared commonalities and differences across problematic and unproblematic territories may come up empty. After all, in any given year, there will always be six territories at the bottom of the list, and your average sales performance will always look better if you exclude the worst six territories on the list. In other words, the decision maker’s hunch may be wrong. Sales growth may have been lower across the board. Perhaps the strong territories were not as strong as they should have been, even as the weakest territories were particularly weak. This outcome will probably lead you to reformulate the decision problem in more general terms so as to identify corporate-wide factors that could explain the sales shortfall. New research will have to be designed, probably taking the form of some kind of exploratory research involving customers, to get at issues such as breadth of product line, price-performance ratio, brand image, and so forth.

Note that this second outcome, in which factors distinguishing the six territories failed to emerge, in no way constitutes a failure of research planning. Given the decision maker’s mindset, industry knowledge, prior expectations, and so forth, it was imperative first to investigate the idea that the sales shortfall was fundamentally a local problem specific to certain territories. This is particularly the case inasmuch as a relatively quick and inexpensive research process was available to investigate this decision problem (secondary research is typically among the quickest and cheapest of research techniques). Only once the secondary research comes up empty can the decision maker proceed with confidence to address other formulations of the problem, which are likely to entail more difficult, prolonged, and expensive market research.
TYPES OF DECISION PROBLEMS:
THE DECISION CYCLE

Formulating the decision problem is a task that has to be done anew each time that market research is contemplated. The range of researchable decision problems is as wide and various as business itself. (Actually, it’s even wider, since nonprofit organizations may also have occasion to do market research.) Nonetheless, it seems to me that the vast variety of potential decision problems can be clustered into a smaller number of fundamental types. The utility of examining such a typology of decision problems is that it will allow us to make generalizations about the applicability of specific market research tools. The typology may also be useful in guiding our initial efforts at formulating the decision problem in a specific case, insofar as it provides examples of typical decision problems.

Figure 2.1 presents a simple typology of decision problems organized as a cycle that unfolds over time. After this model has been discussed, we will examine the alignment between specific research techniques and specific stages in the decision cycle. The goal in that discussion is to show that once you have located your particular decision within the decision cycle, you will have simultaneously narrowed the range of appropriate research techniques to a small number.

The notion behind the decision cycle is that any major decision—developing a new product or entering a new market, for instance—proceeds through a series of smaller subdecisions. Alternatively, smaller and more localized decisions, such as the problem we worked through in the previous section (“Why are sales down?”), can be situated in the model and seen in context as representing one kind of a decision rather than another. As a general rule, major decisions such as the development of a new product may require research activities at each stage of the decision cycle. In the case of more minor or localized problems, there may be a single set of research activities corresponding to a single stage of the decision cycle. The remainder of the decision cycle is then worked through informally without the aid of formal research. Thus, in the running example, if secondary research had shown there to be a specific problem with the six lagging territories, options for addressing the problem might have been generated by management discussion, the best option selected through further discussion, and the results monitored simply by reference to monthly sales figures routinely distributed. Nonetheless, the fundamental supposition underlying Figure 2.1 is that any researchable decision can be logically parsed into four steps, however truncated a particular step might be in practice. Every decision begins with a look at the surrounding context, then proceeds to the
Figure 2.1 The Business Decision Cycle

generation of decision alternatives, and then continues to the selection of one alternative, which then requires an assessment of outcomes, which then segues into a scanning of the environment in preparation for a subsequent decision. Finally, we presume that the distinction of four stages within any decision is consequential for the kinds of research that need to be done at each stage. That is to say, the eligible research techniques are stage dependent.

The first stage in the cycle is to scan the environment. What’s going on? What’s out there? This activity of environmental scanning can be thought of as a sharpening and focusing of the activity of intelligence gathering, which, for any alert manager, should be ongoing. An example of scanning the environment would be to compile analysts’ reports on the strategies, strengths, and weaknesses of your major competitors. In this early stage, you would probably also examine reports on how the market is segmented, who the biggest users of this product category are, what applications dominate, and so forth.
The second stage in the decision cycle is to *generate options*. What are the possibilities? What specific directions might be worth pursuing? What choices do we face? For example, if a product line has come to seem aged and tired, there is probably more than one possible approach to rejuvenating it, and all of these need to be identified and explored. If you are seeking to expand your market, you will want to identify all the possible groups that could be targeted for expansion. Likewise, before selecting a new theme for your ad campaign, you would want to examine a variety of candidates. Stage 2 can be thought of as the creative part of the decision cycle. The goal is to broaden your horizons so that you don’t neglect opportunities or miss possibilities.

The third stage in the cycle is to critically examine and then *select an alternative* from among those generated in Stage 2. Which of these options is best? How much will this option achieve for us? It is at this stage that you must decide exactly what functionality a product will offer. This is where you determine which one among several markets is likely to be the largest, the most lucrative, or the best protected against competitive counterattack. Stage 3 is crucial because resources are always limited. This is a uniquely stressful stage because you have to commit to one option and abandon the remainder. You may have generated half a dozen attractive alternatives for market expansion, but the lack of money, people, or time will inevitably force you to select one or a few on which to concentrate your efforts.

The fourth and final stage is to *evaluate the success* of the decisions you made. How well did you do? Did you take market share away from the competitor you targeted? Did the new ad campaign change attitudes among the intended audience? How satisfied are customers who bought the new product? Results from the fourth stage are added to the stock of market intelligence possessed by the firm. These results also influence management’s ongoing strategic review of business directions and set the stage for the next decision. In business, decisions never stop.

**MATCHING TOOLS TO DECISIONS**

**Research Objectives**

A central purpose of this model of the decision cycle is to help you decide which market research tools might be useful at any given point. To do this requires a third concept that can bridge the gap between decision stages on the
Planning for Market Research

one hand and the market research toolbox on the other. Here the concept of a research objective is helpful. A research objective states, in a single sentence, what result you hope to achieve through the use of some particular research technique. An example might be, “Identify areas of satisfaction and dissatisfaction with our current product offering.” Good research objectives always start with an action verb. If you leave out the verb, you end up with something vague and empty—a wish, hope, or yearning.

Articulating your objective in this concise and concrete way has two benefits. First, it forces you to stop and think: Really, what kind of information do I need given my formulation of the decision problem? This is a nontrivial benefit. Although a decision problem has been articulated, this problem was extracted from a mess, and that mess tends to reappear in the form of a wide range of poorly articulated issues and queries. Most managers are buffeted by numerous conflicting deadlines, interruptions, sudden changes of course, and the like. A requirement to spell out the specific information desired from this market research expenditure usefully concentrates the mind.

A second benefit of spelling out your objective is that you often discover that the objective you have just written out is insufficient—it reflects only part of what you are trying to accomplish. In conceptual terms, articulating research objectives represents a continuation and intensification of the initial attempt to formulate the decision problem. To continue the example given above, you may well realize that your actual objective is more comprehensive and better corresponds to this two-part statement: (1) Identify areas of satisfaction and dissatisfaction and (2) prioritize areas of dissatisfaction according to degree of negative impact on revenue. Having reached this point, you have the opportunity to realize that the research procedures required to identify areas of dissatisfaction may not be the same as those required to prioritize them. To identify requires an exploratory approach that can uncover what exists; to prioritize requires a precise and confirmatory approach that can take a set of existing things and order them from best to worst or most to least. With that realization, you are well on your way to articulating a research strategy encompassing multiple data collection activities that holds some promise of meeting all your information needs with respect to the decision problem at hand.

Table 2.2 lists a dozen verbs that often form the basis of research objectives along with some examples of typical objects for each verb. Thus, one can identify opportunities or problems or choice criteria, select markets or product concepts or ad themes, and so forth. Table 2.2 may not reflect all the verbs that provide a useful starting point for formulating market research objectives, but
it should cover most situations you will encounter. If you want to use a verb from outside this list, ask yourself whether it really adds anything and especially whether it is concrete and specific enough. For instance, in my experience, a favorite word of businesspeople in the context of market research is *validate*. But what does this mean? To validate is to confirm the correctness of some idea you hold—in other words, to test. Whereas *validate* is a long and somewhat unfamiliar word, thus vague in applicability and diffuse in meaning, *test* makes it clear that we are going to attempt to prove the truth of some proposition using fairly rigorous means. With *validate*, you could kid yourself that a dozen customer visits might be enough to validate your idea, whereas with *test*, you are unlikely to convince yourself or anyone else that a dozen interviews is adequate. Hence, *test* is a more useful word because it gives more guidance as to what kind of market research might be able to fulfill your objective. *Validate* blurs the focus of your research planning; *test* sharpens it.

### Decision Stages, Objectives, and Tools

Next, Table 2.3 integrates decision stages, research objectives, and individual research techniques. For each stage, certain research objectives are characteristic
and customary. In turn, each research tool plays a primary role in achieving certain objectives and can contribute secondarily to the achievement of others. Table 2.3 is intended to serve several purposes. First, it provides the means to perform a quick check on a research proposal submitted by someone else in your organization. If someone wants to do focus groups in order to select which ad execution will have the strongest appeal, a warning light should go off in your mind: Focus groups are not listed among the tools used to select an option. Second, Table 2.3 provides a planning and scheduling tool for specifying needed market research over the life of a project. It affords you multiple opportunities to ask questions such as, What activities am I going to undertake so as to scan the environment? or, How will I go about identifying possible new applications for this instrument? A third benefit of Table 2.3 is that it provides three possible entry points to kick off your market research planning. Sometimes you will feel most confident about where you are in the decision cycle; sometimes a particular verb like identify or explore will be the hook; and sometimes you will be focused on a particular research tool. You can enter Table 2.3 from any of these points and build toward a complete research strategy from that point.

Table 2.4 provides an alternative viewpoint on the relationships mapped in Table 2.3. Now the individual research tools provide the rows and the

<table>
<thead>
<tr>
<th>Stage</th>
<th>Objectives</th>
<th>Tools</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><em>Primary</em></td>
</tr>
<tr>
<td>Scan environment</td>
<td>• Identify</td>
<td>• Secondary research</td>
</tr>
<tr>
<td>– What’s out there?</td>
<td>• Describe</td>
<td>• Customer visits</td>
</tr>
<tr>
<td>– What’s going on?</td>
<td>• Monitor</td>
<td>• Customer visits</td>
</tr>
<tr>
<td>Generate options</td>
<td>• Generate</td>
<td>• Focus groups</td>
</tr>
<tr>
<td>– What are the</td>
<td>• Define</td>
<td>• Experiments, surveys, conjoint</td>
</tr>
<tr>
<td>possibilities?</td>
<td>• Explore</td>
<td>• Conjoint</td>
</tr>
<tr>
<td>Select option</td>
<td>• Evaluate</td>
<td>• Secondary research</td>
</tr>
<tr>
<td>– How much will we</td>
<td>• Test</td>
<td>• Secondary research</td>
</tr>
<tr>
<td>achieve?</td>
<td>• Select</td>
<td>• Secondary research</td>
</tr>
<tr>
<td>– Which one is best?</td>
<td>• Prioritize</td>
<td>• Secondary research</td>
</tr>
<tr>
<td>Evaluate outcomes</td>
<td>• Measure</td>
<td>• Surveys</td>
</tr>
<tr>
<td>– How well did we do?</td>
<td>• Track</td>
<td>• Secondary research</td>
</tr>
</tbody>
</table>
individual research objectives the columns in a matrix. Where Table 2.3 was
decision focused, Table 2.4 is tool focused. It facilitates correct use of each
tool via the graphic symbols, which specify that the tool is a primary means of
achieving an objective (double check), contributes secondarily to that objec­tive (single check), or is generally misleading or dangerous in the context of a
certain objective (X-mark). Blank cells indicate either that a tool bears little
relationship to a certain objective, and hence, no warning is needed, or that it
is meaningless to make any overall endorsement or prohibition, because so
much depends on how the objective is interpreted in the specific case.

EFFECTIVE APPLICATION OF RESEARCH TOOLS

Parts II and III of this book discuss in considerable detail the strengths and
weaknesses and best applications and misapplications of individual research
tools. Here, in the course of elaborating on Tables 2.3 and 2.4, I will only
attempt to flesh out the brief description of the tools given in Chapter 1. The
focus here is primarily on the research objectives and how each tool relates to
them; subsequent chapters focus on the tools and their execution. The detailed
justification for the summary judgments rendered in the discussion that fol­
lows will have to be deferred until the chapters on individual tools.

To set the stage for this discussion, it helps to revisit the toolbox metaphor
that underlies this book’s treatment of market research. The toolbox has several
compartments, corresponding, for instance, to the distinction between qualita­tive or exploratory and quantitative or confirmatory research. Within each com­partment, there is the equivalent of a hammer, screwdriver, wrench, saw, and so
on. Now imagine if you encountered a homeowner who claimed that he had built
his entire house using only one compartment of the toolbox, or worse, only one
tool. Why would anyone go through all those contortions when there is an entire
toolbox available that has evolved expressly to make house construction as effi­cient as possible? Yet it is not uncommon to encounter businesses that, faced
with a need for market research, only conduct surveys or only do customer visits
or always do focus groups. You will be much more effective if you can acquire
a sense of the distinctive contribution of each tool together with an understand­
ing of how the tools work together over the course of a project.

To extend the metaphor, have you ever tried to drive in a nail using a
screwdriver? It can be done if you grab the screwdriver by the wrong end and
### Table 2.4 Research Tools Matched to Research Objectives

<table>
<thead>
<tr>
<th>Tool</th>
<th>Scan Environment</th>
<th>Generate Options</th>
<th>Select Options</th>
<th>Evaluate Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Identify</td>
<td>Describe</td>
<td>Monitor</td>
<td>Generate</td>
</tr>
<tr>
<td>Secondary research</td>
<td>✓✓</td>
<td>✓✓</td>
<td>✓✓</td>
<td>✓✓</td>
</tr>
<tr>
<td>Customer visits</td>
<td>✓✓</td>
<td>✓✓</td>
<td>✓✓</td>
<td>✓✓</td>
</tr>
<tr>
<td>Focus groups</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Survey research</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>Conjoint</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Experimentation</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

*Note: A double check indicates that a tool is a superior means of addressing the objective; a single check indicates it is appropriate for pursuing the objective; and an X indicates that the tool is not appropriate for this objective. Blanks indicate that the appropriateness or inappropriateness of the tool is uncertain, depending on exactly how the objective is interpreted in a particular context.*
flail away, but the results generally leave much to be desired (and sometimes include breakage or injury). Does this indicate that the screwdriver is a bad tool that ought be chucked out of the toolbox? Of course not. A screwdriver is the wrong tool for driving nails (BTW, it is even more difficult to set a screw with a hammer). Every tool in the carpenter’s toolbox is adapted to performing a specific task. It is the same with the market research toolbox: Each tool is effective in certain applications and ineffective in others. Just as market research should be done only when there is a payoff, each individual research technique should be used only when effective. There is no requirement to always visit customers or always field a survey or always use any of these techniques.

**Secondary Market Research**

Secondary research has obvious relevance to the environmental scanning stage of the decision cycle. It is almost always quicker and cheaper to answer a question through secondary data than through conducting your own primary market research. In virtually every project, your first step should be to amass whatever secondary research is available and glean whatever insights you can. Secondary research can be used to identify market opportunities, describe market structure, and monitor competitive activity. For example, suppose you install and service video cameras used for security purposes. Using secondary research, you might discover that automated teller machines (ATMs) in nonbank locations offer a rapidly growing market for video security. You might encounter this fact in the trade press or perhaps in a syndicated report on market trends for small video cameras.

Because secondary research comprises so many diverse activities, one or another kind of secondary research may also play a supporting role in both generating and selecting options. Thus, a market opportunity identified at an earlier point may be further defined through secondary research. Continuing with our example, secondary research might help you formulate two market expansion options: (1) target large banks with extensive off-premises ATM networks or (2) target convenience store chains that have recently installed ATMs in their stores. Information on market size or market structure gained through secondary research may also help you evaluate the relative profitability of two different strategic options. Thus, your own internal records may indicate to you that cameras mounted in very small stores require, on average, more servicing than cameras located in larger buildings, for which customers are billed per occurrence. This might be sufficient to cause you to select convenience
stores as your initial target market, inasmuch as cameras associated with their new ATMs are likely to generate substantial service revenue.

A particular type of secondary research becomes of primary importance when you reach the fourth stage. Quite often you want to evaluate the outcome of a decision by measuring changes in market share for yourself and key competitors. Syndicated reports (regular studies, produced by independent consulting firms, to which you and other members of your industry subscribe) are often a source of market share data (Nielsen is a prominent example in the consumer sphere). Alternatively, your own review of secondary data may help you answer this question. Thus, if you can find information on how many ATMs were installed in a region last year, you can compute your share of these installations relative to your goals.

**Customer Visits**

Customer visits, along with several other tools, are of primary importance in the environmental scanning stage. Listening to customers describe problems can help to identify new product opportunities. Walking around the customer site facilitates rich descriptions of product applications. Regular contact with customers helps you to monitor emerging market trends and changes in the business environment.

Customer visits are also crucially important, along with focus groups, in the generation of options. This is because the loosely structured nature of these interviews allows for surprises. Similarly, extensive exposure to customers and their way of viewing the world often provides a fresh perspective. Moreover, the intensive dialogue that a 2-hour face-to-face interview permits helps you to define issues and explore perceptions in depth.

Customer visits should almost never be used to test, evaluate, or select options. The small sample size and an unknown degree of interviewer bias make it impossible to trust the results of customer visits in this connection. (As will be developed subsequently, these same shortcomings are of much less moment when customer visits are used appropriately to scan the environment and generate options.) The lone exception is when you are planning to visit all your customers. This might be possible because these customers are all other divisions internal to your firm or because the market for your product is very limited with only a few large buyers. If you can visit all your customers, then you have a census and not a sample, and the limitations cited above are less pressing. Even here, the portion of your visit devoted to testing and selecting among options
will probably have a quite different feel relative to the rest of the visit and relative to more conventional applications of the visitation tool. To explore and to confirm are profoundly different activities.

Customer visits may sometimes play a minor supporting role in the evaluation of decision outcomes. Although in principle, customer visits are just as ill-suited to measuring and tracking as to testing and selecting, visits can potentially supplement more formal and confirmatory approaches such as survey research. Thus, although it is important to confirm whether your customer satisfaction numbers have gone up or down, it is not always clear why the pattern of results takes the form it does. In this situation, a series of visits to customers whose satisfaction has increased and to customers whose satisfaction has not changed or has gotten worse is often illuminating. Such an application of customer visits serves as a reminder that the final stage of one decision cycle tends to merge with the first stage of the next decision cycle.

Focus Groups

Focus groups are simply a particular kind of interview, and this makes them useful in the initial exploratory stages of the decision cycle where you are scanning the environment and generating options. For instance, you might do some focus groups to identify emerging issues as viewed by customers within a particular segment of the market. At a later point, you might use focus groups to explore the pros and cons of several possible themes being considered for a new ad campaign. Part of generating options is defining these options in as much detail as possible, and the give-and-take of group interaction can be quite productive in this respect.

Focus groups are probably more effective at exploring, defining, and generating (Stage 2) than at identifying, describing, and monitoring (Stage 1); hence, their relegation to a contributing role during the environmental scanning stage. The power of focus groups comes from the interaction of customers within the group and whatever synergy results. The stimulus of group interaction is particularly useful when the goal is to generate fresh perspectives, define the differences among subgroups within the market, or explore consumer reactions. It is less useful when you want extensive descriptive data.

As with customer visits, generally speaking, focus groups should never be used to select among options. Again, the problem centers on the small samples of customers involved. Similarly, the skill brought by the outside interviewer to the conduct of focus groups may be more than outweighed by the distorting
potential of group influence and dominant participants. Problems of group influence and conformity pressure, together with the fact that focus groups are a laboratory rather than field procedure, make it impossible to recommend their use for even a contributing role during Stage 4, evaluation of outcomes. In this sense, focus groups constitute a more specialized tool than either secondary research or customer visits.

**Survey Research**

Surveys can play a supporting role in environmental scanning. If you need a fairly exact factual description of the behaviors and simple perceptions of some customer group and if such data cannot be gleaned from existing secondary research, then it may make sense to execute a survey. If, however, good secondary data already exist, it is rarely cost effective to do your own survey unless this takes the form of a small, fast, tailored survey directed at filling in a few gaps in the available secondary data. If the needed secondary data do not exist, and if you simply must have precise descriptive data on such matters as the frequency of certain applications among particular customer groups, or the average dollar amount of equipment purchases, or the average rating of your speed of service response relative to key competitors, then a survey may make sense.

You should ask yourself, however, whether you really need precise descriptive data at this early point in the decision cycle. Is it really that important to be able to state with precision that 54% of the time, this medical instrument will be used on auto accident victims, 24% on mothers undergoing childbirth, 18% on victims of gunshot wounds, and 4% with others? At this early point, what is the value added by these precise percentages as opposed to what you could gain from a program of customer visits? A couple of dozen visits would probably reveal that auto accidents, childbirth, and gunshot wounds were “major” applications, even though the exact percentages would be uncertain. In addition, and in contrast to the limited data supplied by a survey, the visits would provide opportunities to describe in depth how each of these applications place different demands on the instrument and on hospital staff, how this instrument interfaces with other equipment in the hospital, and so forth. Such rich descriptive data are often more useful, early in the decision cycle, than the thinner but more precise data yielded by surveys.

It is even more important to understand that surveys are far less useful in the generation of options than customer visits or focus groups. The relative weakness of surveys at this point in the decision cycle has several sources: (1) the
fact that the questions to be asked are fixed in advance; (2) the reality that the phone interviewers who will implement the survey probably lack the ability, the motivation, or the opportunity to deeply probe customer answers (and that customers racing through a self-administered Web survey will be similarly unmotivated); and (3) the unfortunate truth that the impersonal nature of the survey contact—the certain knowledge that one’s responses are but grist for the statistical mill—will inhibit and limit the customer’s investment of the energy required for discovery, exploration, and depth. Surveys are a confirmatory tool whose proper purpose is to limit, narrow, and specify; hence, this tool is largely incapable of expanding, broadening, and reconfiguring your understanding. Go easy on surveys early in the decision cycle.

Survey research comes into its own at the third stage of the decision cycle. All of the features that had been of dubious relevance or even liabilities at the earlier stages are here either neutralized or converted into strengths. In Stage 3, the time for discovery and in-depth insight is past; now it is time to make hard choices and allocate limited resources. Perhaps you only have the resources to write new software for one or at most two of your instrument’s applications, and you must determine which application predominates. Large investments may follow from decisions of this type, and it makes sense to invest a good sum of money in determining precisely which application is largest, is growing the fastest, or has the weakest competitive presence.

Survey research is also of primary importance in the evaluation of outcomes. The classic example is the customer satisfaction surveys now conducted by many firms. Whether administered through the Web or by telephone, in such surveys, often conducted by a neutral outside firm, a standard series of questions is asked focusing on product and vendor performance. The surveys are often repeated on a quarterly basis so that changes in satisfaction can be tracked over time. Another example is the tracking studies conducted after initiating an advertising campaign. These telephone surveys track awareness, brand attitude, and perceptions in those areas addressed by the advertising campaign. Here again, descriptive precision is an absolute requirement; otherwise, comparison over time becomes impossible.

**Conjoint Analysis**

Conjoint analysis is a valuable tool with strictly limited applicability. It makes little sense to use conjoint analysis during environmental scanning. Too little is known to justify use of a precise and narrowly focused tool of this kind.
Conjoint analysis is not really appropriate for the generation of options, either. This is because to perform conjoint analysis, one must be able to say exactly what the key product attributes are, and part of the purpose of generating options is precisely to discover what product attributes might matter at all. Logically, environmental scanning and options generation precede and lay a foundation for more confirmatory techniques such as conjoint analysis.

The primary purpose of conjoint analysis is to assist in the selection of the best option in the specific sense of the optimal product configuration or price–performance delivery. When serious uncertainty remains about whether one bundle of features or another is the most attractive to consumers or about how to construct the optimal bundle of features, conjoint analysis is often a good choice. In turn, by the time one gets to the fourth and final stage of evaluating outcomes, the time for conjoint analysis may have passed.

Experiments

Like conjoint analysis, experiments are a narrowly applicable but extremely valuable tool. They are not of much use in the initial stages of environmental scanning and option generation or in the final stage of outcome evaluation. Early in the decision cycle, you don’t know enough to design a good experiment, whereas toward the end of the cycle, you want market data, not experimental data. As was the case with conjoint analysis, experiments are primarily intended for use in option selection. In fact, their design corresponds exactly to the structure of many business decisions: that is, which of these options is the best? Moreover, experiments can sometimes answer a related and very important question: How much will we achieve? For instance, the response rate for the winning headline in the direct mail example would allow us to estimate what the response rate will be for the mass mailing, and this in turn allows us to draw up a pro forma income statement showing the cost of the promotion and the anticipated revenue gain. Some kinds of conjoint analyses can generate such estimates as well, but arguably on a weaker empirical basis than in the case of field experiments.

SUMMARY

Now that the contents of the market research toolbox have been spread out before you and each tool briefly situated within the decision cycle, a few summary statements are in order.
1. Secondary research is the all-purpose market research tool. Partly because of the great diversity of the types of information that can be obtained and partly because much secondary research is both cheap and quickly obtainable, your first impulse in planning any inquiry into customers and markets should be to ask, Has somebody else already gathered useful information on which I could build? The answer won’t always be “yes,” but the question should always be asked.

2. Interviews and surveys are probably the most heavily used techniques. The application of both these tools is a matter of asking questions and getting answers. If the issues with which you are concerned can be phrased as direct questions that customers are able to answer, then interviews or surveys will probably be rewarding.

3. Customer visits and focus groups anchor the exploratory end of the continuum. Here you may have some sense of what your key issues are or what some of your questions may be, but you are uncertain about what kinds of answers are even possible. By contrast, surveys anchor the confirmatory end when descriptive information is the goal. Here you know both the key questions and the range of possible answers, and your goal is to pin down the exact frequency of each possible answer.

4. The selection of options, unlike the other decision stages, tends to require highly specialized research tools such as conjoint analysis and experimentation. It is an error and a mark of ignorance if the management of a firm exclusively conducts customer visits, or surveys, or a review of secondary resources when the primary goal is to select an option. Selecting the best option—pricing is a good example—often requires you to go beyond asking questions of customers and to instead create environments in which customers act or choose so that you can analyze these behaviors to infer the answers you require. Both conjoint studies and experiments take this approach.

DOS AND DON’TS

Do plan on using a variety of techniques over the course of a project. Make every effort to find the right tool for the job at hand. Every tool is specialized, and no tool is perfect.
Don’t confuse exploratory and confirmatory techniques. Don’t try to squeeze precision out of tools that can’t provide it, and don’t expect discoveries and new insights out of tools whose purpose is to narrow down the possibilities and eliminate options.

Don’t fixate on specific research tools. Keep the focus on the decision to be made and what information would be most helpful. Let the tool follow from the research objective.

REFERENCES AND SUGGESTED READINGS


These are standard textbooks on marketing research that provide more detailed coverage of the specific tools discussed here and a thorough introduction to the statistical analysis of market research data.


If you are new to marketing research but have advanced training in the sciences or social sciences, you may find this volume more palatable than the two textbooks listed above.