

Reducing the risk of strategic decisions with market research

Learn how market research drives smarter decisions, and how you can use it to drive your own success.

CONTRIBUTING EDITOR

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YOU WILL LEARN

- Four ways survey research reduces the risks your organization faces
- How to gauge the value of survey research for your company
- Six tips to ensure your research delivers results you can trust.
- Best practices for selecting a market research vendor
- How Kraft Foods turned a potential disaster into a market-leading position by using research to stay connected to customers

Executive Summary

Launch new products smarter, enter new markets safer, drive profitability, and gain a clear understanding of what's really happening in the business world around you through a strategic plan based on sound research.

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Four Ways Survey Research Reduces the Risk Your Organization Faces

Almost every business decision incurs a cost. The question is whether that cost will be justified by an even greater reward, or regretted due to a dismal failure. Survey research reduces the risk that your business decisions will cost more than they're worth. It achieves this by:

1. Offsetting the increasing risk posed by a globally expanding marketplace
2. Validating (or disproving) previously-held assumptions
3. Delivering more insight than can be gained by secondary or anecdotal evidence alone
4. Providing targeted information to unique business situations

Why survey research reduces the risk of strategic decisions in expanding international markets

Global survey research is **currently estimated at \$18.9 billion** per year.

Why is this industry expanding so rapidly? Because companies realize that, as markets get larger, and as competition gets fiercer, the gamble of launching a new product or service grows exponentially. In today's market, a product might cost 10 times as much to launch and have twice the competitors that it would have had five years ago³.

The good news is that while the risk of strategic decisions has grown, **the cost of performing survey research is going down**—primarily due to the Internet and advances with online survey research. Survey research is the

Turning Vulnerability into Value: Oscar Mayer

Everybody loves hot dogs, or so you would think. But the market research of a third-party vendor told Kraft (owner of the Oscar Mayer brand) that Americans were becoming more and more nutrition conscious. This put the hot dog giant the vulnerable position of potentially losing customers.

The organization responded with a fat-free frank that the company claimed would still offer the same classic hot dog taste and texture, but with the health benefits that consumers demanded.

The new product:

- Captured the attention of 10% of households in the first year
- Became the **#1 selling brand** in the "ultra-healthy" product category based on volume, velocity and distribution.
- Helped to fuel market segment growth to **more than 60%**.

Kraft responded to a threat to their customer base with a product that built new appeal into the Oscar Mayer brand. But it's a threat they might never have recognized without the help of market research¹.

insurance policy for high-risk decisions; when you know what's happening in your market, critical decisions take on a much higher success rate.

How survey research sheds new light on old (and potentially false) assumptions

There are many reasons why a company doesn't think they need the benefits of market research. Two of the most common are:

- **Momentum**—A company may not feel they need research because they have always made their key decisions based on the knowledge and experience of the decision maker. Shooting from the hip "is the way we've always done it," and they see no reason to change.
- **Cost**—A company knows for a fact that they will incur a cost to hire the services of a research firm, or when they attempt to execute their own research. They have a hard time justifying this cost against what they see as the intangible benefits of market research.

Why this is risky

Many companies that fall into the categories above fail to truly appreciate the risks they are facing. This instability and risk can be categorized as follows:

- Companies that rely on their own expertise to make important decisions fail to realize that their business environment is not the same as it was 5 years ago. They might be in new markets where there are unknown factors that they don't recognize. Their business "knowledge" and experience of those who founded the organization.
- Companies also fail to appreciate the high cost

An Ounce of Prevention: How Research Could Have Prevented Failure for Heinz Ketchup

As of 2005, 60% of total sales for Heinz came from outside the United States. The company has a great international track record, but when it tried to enter the Brazilian market, its initial attempts failed. The problem was that Heinz's entry strategy mimicked a previously successful entry strategy into Mexico, where the firm relied on distribution through local neighborhood shops.

A problem audit revealed that 75% of grocery shopping in Sao Paulo, one of the primary Brazilian markets, was done in large supermarkets, not smaller shops. Although the basic cultural and demographic data is similar between Mexico and Brazil, there is a significant gap in consumer behavior. If Heinz had performed due diligence in researching the Brazilian market before defining their entry strategy, a costly mistake could have been avoided.

of failure in many cases. As an example, when an organization breaks down the cost of a new product launch, including

- R&D,
- production,
- distribution,
- legal,
- marketing,
- advertising,
- and sales,

the cost of failure is typically much higher than the cost of research that would have prevented failure.

The most important factor that many companies tend to overlook is the value of insight that survey research delivers. It's not just a question of avoiding mistakes. Targeted survey research gives a company a new, accurate perspective on the market they're facing. This perspective can take a business down avenues of profitability that did not even occur to them before.

Why survey research is better than secondary data and general industry research

Other companies will embrace research data, but only from secondary sources. They cite the cost effectiveness of obtaining the latest research from industry associations, trade publications and the general financial media, and honestly feel that it's enough to rely on this information when making decisions. Secondary data can be valuable, but by definition, secondary data is "data collected for some other purpose other than the problem at hand".

When a business relies on something collected for purposes other than their

A Close Shave: Gillette Wins with Concept Testing

When Gillette launched their Sensor for Women product, they surveyed 500 women to determine what was important in a women's razor. Surprisingly, the study found that women were not purchasing women's razors, but instead they were purchasing men's razors or disposables, as they preferred the sharper blade. Yet the survey still showed that the shaving habits of women were dramatically different from those of men.

This research drove Gillette's product design, and when the new Sensor for Women razor was launched, it garnered a **60% share of the market**, displacing the previous market leaders.



own, it's very unlikely that they are looking at information targeted to their unique situation. And it's even less likely that they will get answers to all the questions they need answered.

More importantly, with secondary research a company is looking at data that **everyone else has access to**. Key decisions are based on information that the competition is already reviewing. When a business conducts its own research, it gains access to proprietary information that gives an organization a competitive edge.

Why survey research is your best friend

Survey research is the process of interviewing a large number of respondents with a pre-defined questionnaire. While it sounds simple enough, that basic definition hides the **exponential value** that properly executed survey research can help you capture.

Launch smarter with concept testing

Concept testing helps to ensure the viability of your new product or service launch by providing insight into how well a new initiative will be received. If correctly performed through a survey research vendor, this type of testing goes far beyond whether or not respondents merely like or dislike the concept. Concept testing can identify the drivers behind why a customer feels the way they do, examining factors such as design, price and packaging to help companies tailor their launch programs for maximum impact.

Research shows that eight out of ten people don't remember anything about commercials they were exposed to 18 hours earlier⁷.

This makes concept testing critical to make sure your message is right the first time—you only have a very limited window to grab the attention of a *very* distracted audience.

Reinforce customer loyalty by identifying decision drivers

By using survey research to identify what's driving consumer behavior, you can also reinforce customer loyalty by answering significant questions such as:

- Why do customers choose your product or service?
- What do they experience when they first use it?
- What creates customer loyalty or defection?

Survey research increases the success of customer loyalty programs and enhances the ability to predict future customer behavior. And you can apply what you learn to everything from formal customer communications to one-on-one conversations. It can help you close the gap between your brand promise and what you actually deliver to your customers.

Survey research identifies not only how a customer feels about your product or service, but how they act on it as well. When deciding how to bolster your customer loyalty programs, you should always consider both factors.

Seven ways to gauge the value of survey research for your organization

So what's survey research worth to your particular organization? Consider the following when determining the value a targeted survey could bring to the next customer initiative you're considering:

1. The ability and willingness to act on new information—*Will your corporate culture act decisively on new information learned from the research?*
2. The accuracy of current information—*Are you relying on outdated information or the "gut feelings" of those within your company?*
3. The level of indecisiveness that would exist without the information—*Without the information provided by research, will you really have answers to all the questions you need to make a sound decision?*
4. The amount of variation in the possible results—*How far off could you be in your current perceptions? Could research yield insight into market factors you had not considered?*
5. The reaction of competitors to any decision improved by the information— *Could survey research give you a competitive advantage?*

6. The cost of the information in terms of time and money—*What kind of effort needs to be invested in your survey research? What type of survey is needed? What will it cost to execute it properly? (Using a survey research vendor is highly recommended.)*
7. The cost of failure—*What is the cost if you make the wrong decision? How much is invested in your new product? How much could sales suffer due to the wrong customer service decision? What happens if you alienate your target market?*

Looking at these factors should help you see the value of survey research, and whether it is the right approach to provide intelligence for the particular business issues you're currently facing.

How to minimize risk when performing market research

So you've decided that survey research will be very beneficial to your organization, but you don't know where to start. Follow these tips to minimize the risk of errors that could lead to inaccurate or misleading information. By following a sound methodology, your survey research can deliver **trustworthy data** to help you make the successful decisions you need to grow your business.

6 tips for research project success

These general tips can help keep your research project focused and on track¹⁰.

1. Define the problem—*Define the research problem clearly. If you are vague about your research problem, you could send your research firm down the wrong path, ending up with information that is unclear or unhelpful.*
2. Define the scope and stick to it—*Be clear in the scope of the project (target demographics, questions you need answered, etc.), and stick to it. Adding to the scope of the project midstream can invalidate the results, or cause the project to run over budget.*
3. Keep the questionnaire short and focused—*Most questionnaires should not take longer than 10 minutes to complete. Ask yourself what questions are really important to the issue at hand. If you have too many questions, consider a follow-up survey to learn additional information.*
4. Trust your vendor during the administration phase of your research survey—*Different types of surveys exist to target a variety of business goals and challenges. Survey research vendors are the most qualified to determine*

what type of survey, and what type of research methodology, should be used to deliver accurate results.

5. Trust your vendor during the analysis phase—*See #4. Survey analysis is a very complex task (also see the Infosurv paper on Survey Analysis Design). Different types of survey analysis can yield very different results. It takes an experienced market researcher to know what format of survey analysis will be the right fit for your situation.*
6. Act on what you learn—*Information is useless if not acted on. Be prepared for the fact that new evidence might require a change in direction if your business initiatives are to be successful. The biggest benefit of survey research is that it can challenge previously held perceptions and bring a fresh perspective.*

Selecting a market research vendor you can rely on

Utilizing a professional survey research organization can guarantee a much higher rate of research success, and a much smoother research project overall. However, there is not a professional regulatory body governing market research firms as there is in other fields, such as medicine or law. Follow these guidelines to aid you in selecting a research firm that is reliable and capable of delivering conclusions you can trust¹¹.

1. Evaluate their experience—*How many years has the firm been in business? What is the range of research methodologies that they use? What types of survey analysis do*

Reducing Risk Utilizing the Proper Methodology: Accenture

Accenture is a global management consulting, technology services and outsourcing company. The organization was rolling out a new computer network for the U.S. Defense Logistics Agency (DLA), **costing tens of millions of dollars**. If DLA employees did not successfully transition to the new technology, it would be a massive failure. Accenture needed credible information on DLA employee acceptance of the new change initiatives that were being put into place—**and they needed it right the first time**.

Accenture contracted Infosurv to gauge differences in employee sentiment by location, department and manager. And they wanted to measure progress in employee attitudes toward the new technologies that were implemented as part of the new process.

Infosurv delivered a high level of assistance at every stage of the project, including design of the actual survey instrument. They provided a full suite of results analysis, including multiple custom reports and spreadsheets, specifically programmed to supply **actionable conclusions** for each required subgroup. The project was **so successful** that Accenture renewed the Infosurv contract for a total duration of 3+ years, **citing outstanding levels of customer service, technical expertise, and responsiveness**.

they have expertise in? Has the vendor performed research similar to what you're looking for?

2. Review their client list and client testimonials—Does the organization you're considering have experience in your industry? Have they worked for a wide range of businesses, both large and small? Are they willing to provide client testimonials or case studies to prove past successes?
3. Check for industry association membership—While there is not a regulatory body for market research, there are several professional organizations, such as The Council of American Survey Research Organizations (CASRO), The Marketing Research Association (MRA) and the American Marketing Association (AMA). Membership in these organizations, while not requiring an official third-party verification, is a sign that the firm takes their craft seriously.
4. Evaluate their overall sophistication—Do the vendors you're considering carry themselves professionally? If a market research firm cannot market themselves to you in a sophisticated manner, how can they aid in your own marketing programs?

Star Wars Flop: Why Research Vendor Selection is so Important

In the 1970s, a major studio hired a market researcher with no experience in the movie industry. They handed him a film proposal and asked him to research and predict its success or failure. The film was **Star Wars**, and the researcher came back to the studio **saying that the film would fail.**

The researcher felt that 1970s Americans prized realism and authenticity over science fiction. He also felt that a film with the word "War" in the title would not sit well in the post Vietnam era. The problem was that while this researcher offered some facts, he failed to provide any real insight. Had the research tested respondents on the script, rather than the title, he would have discovered that the film's human story of love, conflict, loss, and redemption was a resounding success.

It's the type of mistake that a knowledgeable researcher with experience in the right industry could have avoided, allowing the studio to see Stars Wars for the blockbuster that it was¹².

Note: For more strategies and advice on selecting a marketing research vendor, be sure to visit <http://www.infosurv.com/buyers-guide.html>.

How to be a Good Client

Once you select your research vendor, managing the internal participation of your own company is the best thing you can do to facilitate your working relationship with the vendor, and to help ensure project success.

In most companies there are forces at work from different corners who all want to have input on the final survey design. One warning sign that your research is headed for trouble is a questionnaire that appears disjointed, with no common thread to the material covered. This results from too many participants adding their personal questions to the survey. To get targeted results, you need targeted research. Internal participation must be managed to ensure a tight focus.

Reducing Risk on a Grand Scale: The U.S. Army Medical Department

The U.S. Army Medical Department (AMEDD) cares for 100,000 soldiers and civilian patients stretching from the South Pacific to fixed hospitals in Europe and the United States. Gathering the feedback of the military and civilian doctors, nurses, and nurse practitioners treating these patients around the globe is critical to protecting the chain of care.

Infosurv worked with the Army to design an industry-specific benchmarked survey instrument to evaluate the competitiveness of medical provider compensation packages and gauge medical provider satisfaction within dozens of areas related to their employment with AMEDD.

Infosurv:

- Administered the survey to Iraq, Bosnia, Afghanistan, and dozens of other countries where the US Army has soldiers stationed. They came back with 1571 responses—a 61.8% response rate that **far exceeded the Army's expectations**.
- Identified the top job satisfiers and dissatisfiers, along with the most sensitive issues affecting job satisfaction.
- Presented numerous computer-generated reports and custom analysis to AMEDD with actionable conclusions.
- Presented **eleven detailed recommendations** on how AMEDD could further **improve provider satisfaction**.

This information helped AMEDD to **listen to their employees** and make decisions to improve staff satisfaction. The net result is that the organization was able to limit turnover, holding on to critical personnel to **protect the integrity of its vital care network**—even in a highly competitive employment environment.

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Use the strategies contained in these pages as your blueprint to reduce the risks present in your own competitive corporate environment. Infosurv is ready to help with your vendor selection, your survey design, and the final data analysis that will give you the critical information you need to protect and grow your business. Contact an Infosurv research consultant today and be sure to read our other informative papers in the Infosurv Insider series for more information.

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Jared Heyman is the founder and president of Infosurv, a full-service market research firm specializing in design, administration, and analysis of online and telephone employee, customer, and other market research studies. He leverages years of marketing research expertise to build for his clients the high-value, actionable intelligence they are searching for to facilitate the success of their strategic-level decisions.

Jared Heyman is the one companies listen to when they are planning their own marketing initiatives. He is quoted as a marketing research industry expert in everything from trade publications such as Quirks and Marketing News, to marketing research blogs such as Web Analytics World, to major media outlets such as the Chicago Tribune. Marketing professionals often rely on Jared Heyman's keen insights into the marketing research industry.

Jared Heyman is a fourth-generation entrepreneur, with a lineage of successful start-up companies contained within the family scrapbook. Heyman administered his first market research survey while at Collective Technologies in 1998. It was this experience that made him realize that there was definitely room for improvement in the marketing research arena. Jared Heyman left Collective to launch Infosurv just months later.

With an initial startup cost of less than \$3K, Infosurv has since experienced exponential growth over the past nine years. Infosurv currently has a client base of over 200, including dozens of Fortune 500 and major government agencies, and continues to specialize in market research, customer surveys, employee surveys, and online surveys.

Jared Heyman graduated from the University of Texas at Austin with a BBA, double majoring in Business and Marketing Research. He also has an extensive international profile, with cultural experience in Greece, Turkey, Spain and Southeast Asia.

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