

Getting Serious About M

Research is the lifeline between companies and customers. So why isn't it taken more seriously?

By William D. Neal

Given all the criticism that's been directed at the field of marketing research over the last decade, I believe it's time to reassert the benefits. Marketing research is a great profession. It's one where the most curious and creative can find a home and be well-compensated for pursuing those talents. Of all the business professions, marketing research is probably the most noble. Marketing researchers bring the voice of the customer to the decision-making table. They provide the information necessary to drive the engine of new and better products and services that customers need and want. When marketing researchers fail, they have failed to adequately represent their constituents.

The marketing research profession is based on science and the scientific method. The five activities of marketing research specified by the American Marketing Association (AMA) definition closely parallel the steps in the scientific method, which are the principles and procedures for the systematic pursuit of knowledge. (See "The AMA Definition of Marketing Research" on page 26.)

That basically defines what marketing research is supposed to do—apply the scientific method to gain knowledge about consumers, buyers, competitors, markets, and marketing. Has marketing research fulfilled its mandate? Many, both within and outside the profession, don't think so. In the Spring 2000 issue of this magazine, Larry Gibson provided an elegant dissertation on what's wrong with the current practice of marketing research and how the profession has not met its promise ("Quo Vadis, Marketing Research?"). Admittedly, in the 40 or so years between Alfred Politz and current practice, marketing research seems to have lost some of its foundations in science. Researchers have become too long on observation, description, and problem identification and too short on rigorous hypothesis testing, analysis-based conclusions, and accurate predictions.



Opinion

Marketing Research



EXECUTIVE SUMMARY

Marketing research is a noble profession that brings the customer's voice into the corporate boardroom. To carry out this job, researchers must be technically competent as well as great communicators. They are the lifeline to the customer and the consumer and often end up being the translator between the jargon of the marketplace and the jargon of the organization. It isn't always easy, but, when done right, marketing research can increase the probability of business success.

WHAT'S STILL WRONG?

Funding. Marketing research is more often than not underfunded. I continue to be amazed by companies that are extremely averse to spending \$200,000 on researching a new product that will cost \$40 million to launch—that's 1/2 of 1% of the money at risk. Or why it is so difficult to justify even 1% of the cost of an advertising or promotional campaign on conducting pre-launch evaluations of that campaign at the critical stages of development? There are several credible explanations.

One reason is that marketing campaigns too often take on a life of their own, with marketers' egos and reputations perceived to be on the line. To advocates, research is seen as a constraint on their personal prerogatives and creativity. Gunslinger marketers and well-trained, methodical researchers do not mix well.

Also, researchers often aren't involved in the early planning process for new products or campaigns. Consequently, at the time of budget development, there's no input from the professional researcher as to what should be researched, how it should be researched, and how much it will cost.

In most companies, spending on marketing research is considered an expense, not an investment in risk reduction. Until we

develop and can agree on measures of return on marketing research investment, the marketing research function will continue to suffer the fate of short budgets and yo-yo staffing.

Speed. Marketing research is often perceived as being too slow in today's fast-moving business environment. Yes, good research does take time, especially research that involves hypothesis testing and prediction. As a profession and an industry, marketing researchers continue to work on reducing execution times. But there needs to be some caution here. Much of the criticism of lengthy marketing research results from marketing's reactionary nature. Too often, the rush to get new products to market or new promotions launched is the result of poor planning and weak strategies. In the long run, both reactionary marketing and reactionary marketing research can be fatal to the enterprise.

Just plain bad research. There's still too much "bad" research being delivered to clients—by untrained practitioners, management consultants, and ill-trained MBAs and marketing majors. This practice has a major negative impact on user organizations and greatly depreciates both the profession and the practice of marketing research.

There are no standards or minimum qualifications for entering the field of marketing research. Anyone can claim to be a research professional without knowing anything about what's correct or incorrect procedure. Unfortunately, too many of these pseudo researchers do some really bad research, and the whole profession gets a black eye for the ridiculous results they deliver.

On the other hand, many user organizations hire or promote unqualified people into research positions because they have no guidelines on proper credentials—be it training or experience. In many firms, completing a single undergraduate course in marketing research is sufficient qualification.

More than 50% of the MBA programs in the United States don't require a single course in marketing research. Yet a disproportionate number of our clients have MBAs. So the outcome is that the uninformed are directing the inexperienced to do the

The AMA Definition of Marketing Research

MARKETING RESEARCH is the function that links the consumer, customer, and public to the marketer through information.



Information used to

- identify and define marketing opportunities and problems
- generate, refine, and evaluate marketing actions
- monitor marketing performance
- improve understanding of marketing as a process

Marketing research

- designs the method for collecting information
- manages and implements the data collection process
- analyzes the results
- communicates the findings and their implications

impossible, with little or no money. And, as usual, the research profession takes the rap for the usually untenable results.

Lack of professional identity. How has this happened? In many cases marketing researchers have let the “business” of marketing research usurp the “science” of marketing research. Researchers too often let clients do focus groups when they know they should be doing quantitative research. Researchers too often compromise on sampling and sample sizes and engage in a myriad of other compromises to keep the relationship with the client. Over the years, this has weakened the researcher’s professional image among the ultimate users of their product.

In many other cases, ill-trained researchers are simply overstepping their knowledge base and capabilities due mostly to a lack of adequate training and experience. The result is the same—a weakened professional image. In too many organizations, marketing research is not seen as a profession, but just a staff function to support marketing. When times get tough, it’s easily expendable. Organizations see no reason to support professional development of researchers because they don’t see it as a profession.

Many of these issues could be addressed by having a rigorous certification program in place. A comprehensive, well-publicized, volunteer certification program would establish the field of marketing research as a recognized profession and do much to alleviate current dilemmas. (See “Benefits of Certification” on page 28.)

WHAT’S GOOD?

But in spite of these shortcomings, where would marketing be without marketing research? It’s questionable whether the field of marketing would continue to exist without the science of marketing research to underpin it. In his book *Kotler on Marketing: How to Create, Win, and Dominate Markets* (Free Press, 1999), Philip Kotler stated, “Research is the starting point for marketing. Without research a company enters a market like a blind man.”

Looking back over the last 40 years, marketing research on the whole has contributed significantly to business success, despite some very public failures. Investments in marketing research have continued to increase far above the rate of inflation, and operational marketing managers depend more on marketing research to reduce the risks in undertaking new marketing initiatives.

Voice of the customer. More than ever, businesses and other institutions are measuring and monitoring customer satisfaction and loyalty on a continuous basis, using that information to improve processes and stem defections. Many are doing it in crude and self-serving ways, but at least they’re doing it. There are still many significant problems in customer satisfaction and loyalty research—badly designed surveys, inaccurate measurements, and little comparative analyses. Yet, 15 years ago, very little customer satisfaction and loyalty tracking research was supported or funded at all. Now, most major firms and many smaller firms track their customer’s levels of satisfaction. And a smaller number are tracking customer’s attitudinal and/or behavioral loyalty. Clearly, both the organization and the customer benefit from this revived focus on customer care.

Management metrics. Slowly, but surely, marketing research is beginning to provide some of the key metrics to senior management. Long the exclusive territory of the purveyors of financial numbers, management metrics are beginning to include marketing components—brand health measures, changes in brand equity, advertising and promotional effectiveness measures, indices of customer satisfaction, and several other measures of marketing impact. In a few major firms, even the boards of directors are receiving limited marketing metrics. These measures don’t yet have the same authority as (or perceived precision of) the financial numbers, but that’s gradually changing.

Target marketing. In the ’90s, market segmentation experienced a rebirth that continues today. Business managers have relearned the benefits of target marketing. Most marketers now recognize that simplistic segmentation schemes based on demographics, geography, or SIC codes are suboptimal at best—and disastrous at worst. Consequently, more sophisticated market segmentation procedures, all research-based, are providing the basis for many new and innovative marketing programs targeted to ever-smaller and more diverse segments. The outcome has been improved marketing efficiency and higher profitability for those firms that do it right.

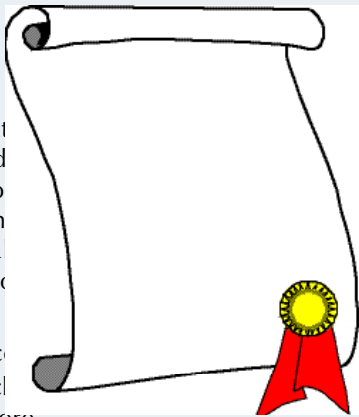
New products. Research has often been blamed for the historically abysmal rate of new product failures. However, some of the more recent investigations into new product failures tend to exonerate at least some of the research. More often, the failures occur because (1) there were inadequate investments in research, (2) the research was ignored, (3) what was researched was not what was launched, (4) there was inadequate marketing and promotional support, or (5) there was inadequate sales or fulfillment support. We have several new tools for testing new products, from concept to pre-launch. When used properly, these newer tools greatly reduce the risks inherent in a new product launch and accurately predict trial and repurchase rates under different levels of marketing support. We still have a considerable ways to go. Too many companies still under invest in new-product research and cling to familiar, but often inadequate, ways of doing it. Only well-supported and well-designed research holds the promise for significantly reducing the new product failure rate.

Branding. After the branding debacles of the early ’90s, many firms began to recognize their greatest asset is their brands. Unlike any other aspect of the marketing mix, brands represent a component of value that can’t be replicated by a competitor. Thus it represents a unique, defensible asset for the owner and a launch pad for new product development and deployment. Unfortunately, branding has long been resistant to the imposition of scientific investigation, relying too much on the creative arts of advertising and promotion. But that is changing. There are now several research-based models for measuring brand value and brand equity and uncovering their key drivers. Quantifiable changes in brand equity represent the ultimate measure of return on marketing investment. As these research-based tools for measuring brand equity continue to develop, we have the opportunity to counterbalance the dominance of short-term financial metrics with the long-term brand equity metrics.

Basic training and education. The Principles of Marketing Research Program, sponsored and underwritten by the Marketing Research Institute International and the University of Georgia's Center for Continuing Education, provides a universal platform for teaching the basics in the field. It's available worldwide both online and offline. This inexpensive but rigorous program has 10 modules that provide training in the fundamentals of marketing research. The program has been endorsed by the leading marketing research organizations worldwide.

Benefits of Certification

A comprehensive, well-publicized certification program would provide a signal to the entire business community that not just anyone could do marketing research. Going to research takes a trained, experienced professional. In addition, certification would



- improve the practice of marketing research by promoting the core body of knowledge imbedded in the Principles of Marketing Research Program that can be studied and mastered by those wishing to practice in the field
- improve the practice of marketing research by promoting a set of ethical standards to which those in the field would adhere
- provide a visible signal to employers that the researcher possesses the basic knowledge and experience to practice the science
- help strengthen the relationship between purchasers and providers of marketing research services by providing a common knowledge base and a common code of professional practice
- assist professionals, especially younger professionals, in planning their career
- improve the image of marketing research in the eyes of external constituencies—consumers, the business press, the courts, government, and business managers
- provide a professional identity for both those in the profession and those who use the services of the profession

For more than 20 years the profession has had the benefit of master's-level education in marketing research. At least four different universities now offer a master's degree in the field. Each year these programs, combined, graduate 70 to 80 well-educated, highly motivated professional marketing researchers. That's probably not enough, but it clearly sets a great standard.

Professional development. The industry and the profession support a large number of professional development conferences and training programs in marketing research offered by professional associations, major research-oriented universities, and a few for-profit organizations. These programs teach and demonstrate the latest developments in emerging techniques and research methods and are well-attended by practicing researchers. Notable among these are AMA's semi-annual Applied Research Methods Conference, annual Marketing Research Conference, Executive Insights Conference, and Advanced Research Techniques (ART) Forum. Annually, there are at least 50 conferences and training programs in marketing research held in North America alone. The sheer diversity of these programs assures us that the field continues to be vibrant and ever more relevant to business success.

New methodologies. The marketing research industry has been quick to develop new research methodologies that provide more realistic and more scientific research approaches and offer deeper insight into buyer behavior. Many of these newer methodologies provide predictive models of buyer behavior under alternative scenarios. Conjoint and discrete choice models, hierarchical Bayes models, artificial neural networks, survival analysis, latent class models, structural equation modeling, and the like are now accepted tools in the researcher's toolbox. Researchers continue to develop and refine these new methodologies. These developments are the result of a strengthening interface between academic marketing researchers and practitioners.

Technology. The marketing research industry also has been quick to adopt new technologies and use them to do better, more cost-effective, and more useful research. Over the years we have seen the easy adoption and refinement of computer-assisted telephone and personal interviews, disk-by-mail data collection, mixed-mode data collection methodologies, and special-interest panels. Although there are still fundamental questions and concerns about Internet sampling and representativeness, it seems only a matter of time before those concerns are adequately addressed and Web-based survey research will become the norm, not the exception.

THE BOTTOM LINE

Although there's certainly room for improvement, both the profession and the business of marketing research are mostly fulfilling their major role—bringing the voice of the customer to the forefront of business decisions. Marketing research remains more science than art, and the strengths vastly overshadow the weaknesses. Regulatory issues and privacy concerns still loom as a threat to our practice. But, on the whole, we remain a noble profession that does far more good than harm. ●

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