



How to question

MARKET RESEARCH To get the best bang for their market research buck, CEOs need to understand its potential and its limits. Jonathan Dodd explains how to ask the smart questions.

By international standards the small size of New Zealand businesses means that CEOs are considerably closer to 'the coal face' than their overseas counterparts. This is generally regarded as a good thing, as the converse – being too removed – is hardly a recipe for successful management.

To illustrate, the smaller size of New Zealand businesses is often cited as the reason why New Zealand advertising is so much better than that of Australia – because innovative ideas are less subject to 'trial by committee' within our smaller businesses, and it's easier to get a CEO's sign-off.

Despite this, 15 years in the market research industry has clearly demonstrated to me that the bigger the company, the less likely a market research company is going to get to personally discuss their insights with their clients' CEOs. This will be much

the same for many of a large company's suppliers of course – granted there is little need for many of them to ever meet with the CEO.

But market research is different, because researchers are the conduits between a company and its customers. Although advertising agencies are probably the most high-profile of a business' suppliers, it is the market researchers who can best inform the agencies about what needs to be said, to whom, and how good a job the agencies are doing. This is even recognised within the advertising industry, with most sizeable advertising agencies employing their own in-house researchers, customer advocates or planners.

Therefore it is clearly important that CEOs understand how market research has changed over the years, where its great potential lies, and what its limitations are. For whilst the fundamental basics of busi-

ness processes such as accounting, sales and investments remain fairly stable over time, market research theory and practice has changed significantly. This means that the client-researcher relationships and research methodologies that CEOs may have been more closely involved with early on in their careers are likely to have been superseded.

Exacerbating this situation is the fact that most tertiary qualifications in business management, MBAs included, seldom spend much time addressing market research. When they do, it's invariably limited to methodological issues, not consumer psychology and how research is becoming more business-friendly.

So how to know if the market research that your company is relying upon is up to scratch?

The following 17 points of questioning should help.

1 *It's about insights, not descriptions.*

If you're only being presented with figures on what's happening, ask for more – like future trends. Good market researchers should be able to tell you not only 'what's going on', but what it means and what you should do about it.

2 *Size it right.* Good quality doesn't mean huge reports – ask for succinct summaries and for presentations tailored to available timeslots.

3 *Confirmation is good.* Don't dismiss research that tells you what you already know – if it gives your business more confidence in its management decisions, then it hasn't been a waste. Conversely, if you see little value or insights, ask to see the research brief before blaming the research itself.

4 *Get 'dashboard' updates.* Ask for distilled data on things you need to keep regular tabs on instead of waiting for quarterly reports. These could include summary key-points and contextual information from other sources, such as competitor activity or sales data.

5 *Dig down.* Ask to see the basis of the more important research insights your company is being expected to act upon eg, credentials of the researchers and research techniques.

6 *Allow for variance.* Research is not a pure science – insights based on people's attitudes or behaviours are inevitably open to variance – so it should be used as an input into decision-making not its sole basis.

7 *Don't KISS.* Researchers relying on overly-simplistic questions do themselves and your company a disservice. Overly simple questions can fail to acknowledge the complexity of the human mind – so ask, does the research account

for all the contextual variables involved in consumers' purchasing preferences?

8 *Look at the big picture.* Focusing solely on the consumer can result in research insights and recommendations that miss other factors affecting people's buying behaviours.

9 *Do they really care?* Assumptions based on the belief consumers will always behave logically and choose what is best for them are dangerous – they can be prone to inertia or disinterest – they may just not care enough to consider and appreciate what you're offering.

10 *Don't expect perfect prediction.* The best product/advertising testing can come undone if a competitor acts in an unexpected way. Keep this in mind – and ensure people are not forgetting the wider context within which they are operating.

11 *Big is not always better.* Margins of error are not the litmus test for good research and if poor quality questioning and analysis has been conducted, the biggest sample in the world won't save the research.

12 *Plain English rules.* Ask for simple, easily read and digested reports or summaries. Complicated research need not result in complicated reports or insights.

13 *Comfort zone questions.* If research insights are uncomfortable or hard to fathom, ask why, review the research brief and discuss with the researchers how they've come to their conclusions.

14 *Aim for impartiality.* Internal research managers will usually be subject to the same assumptions and politics as other staff, which can have an undesirable, albeit unintentional, influ-

ence on the research they commission. A key benefit of outsourced market research is its impartiality, and if this is lost then the overall value is compromised.

15 *Encourage research participation.* If all companies encouraged their staff to participate in what is a very important part of business management, then the cost of market research would reduce as response rates rose.

16 *Appreciate the altruism.* One of the best ways research buyers can help maintain the reasonably high response rates enjoyed in New Zealand is to understand and appreciate what survey respondents are being asked to do when they are interviewed. Good market research practice can enhance a brand's image – but check respondents are not likely to be annoyed when being interviewed on behalf of your company.

17 *Beware benchmarking.* While it can be an attractive measure in terms of performance comparisons, it pays to be careful about what the research is being benchmarked against to ensure accurate and relevant comparisons are being made. The less comparable the market or product, the less useful the benchmark comparisons.

Readers may be surprised at a market researcher who raises the questions discussed here, as they may appear to undermine the value and usefulness of market research. However this is not the intention, because the 17 points listed here all present opportunities for improvement and intend to highlight the manner in which market research can be a vital and appreciated part of a company's management. **M**



Jonathan Dodd is based at award-winning market research company Research Solutions. A library of similar articles and commentary can be found at www.researchsolutions.co.nz